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# FINANCIAL TIMES

No. 26,714

Thursday July 10 1975

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## NEWS SUMMARY

**GENERAL**  
**Amin ready for talks to-day**

President Amin of Uganda is expected to receive British Foreign Secretary James Callaghan to-day to discuss Anglo-Ugandan relations and the question of British lecturer Dennis Hills, twice reprieved after being convicted of treason. Mr. Callaghan arrived in Kampala yesterday from Kinshasa where he held a 90-minute discussion with Zaire President Mobutu.

At the time of Mr. Callaghan's arrival, President Amin had not yet returned from Kenya and Somalia where he had been canvassing support for his chairmanship of the Organisation of African Unity for the next 12 months. The Foreign Secretary finally flew to Uganda without receiving a clear assurance about the treatment of Mr. Hills or other British citizens in Uganda. Informal sources said he did so because he had received President Mobutu's full backing. Mr. Callaghan was hoping to be back in Britain to-night.

**BUSINESS**  
**Long 'tap' exhausted as gilts rise 0.44**

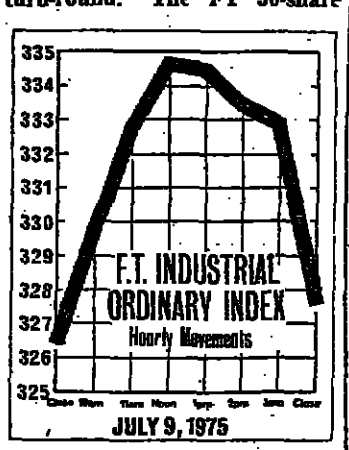
● **EQUITIES** continued to improve, but the narrowness of the TUC vote for accepting the Government's pay plan led to a two-round. The FT 30-share index, up 8.3 at noon, ended 1.2 higher at 327.6, while the FT Actuaries All-share index gained 1.9 per cent. to 142.13. Gold Mines index rose 5.2 to 380.8.

● **GILTS** continued firm and supplies of the recently-issued long "tap" stock were exhausted. Closing gains ranged to 1.1, slightly below the day's best. Government Securities index added 0.44 to 59.39.

● **GOLD** rose \$1 to \$166.

● **THE £** strengthened by one cent at \$2.2055, while its weighted depreciation narrowed to 27.3 per cent. (27.6). Dollar's weighted fall widened further to 5.52 (5.20).

● **WALL STREET** was 1.03 higher at 868.82 near the close.



**'People's rule' for Lisbon**

Portugal's army rulers adopted a plan to perpetuate their rule and to exclude the political parties from real power. The Armed Forces Movement approved guidelines for a system of neighbourhood, works and national councils, as well as a people's national assembly. Described as a "people's parallel democracy," it is intended to reinforce the "armed forces-people alliance." The Communists quickly welcomed it. Other parties were critical. Back page.

**Derry bombs**

Three bombs exploded in a Government office block in the centre of Londonderry. But nobody was hurt as the six-foot block had just been evacuated after a panic had spread among two of them armed, entering the building. The Provisional IRA claimed responsibility, alleging that the Army had begun a campaign of harassment.

**Rabin's doubts**

Israeli Premier Yitzhak Rabin said that unless both sides in the Middle East conflict compromised, "I doubt whether such an agreement will be achieved." He told journalists in Bonn that many problems blocking an Israeli-Egyptian accord had been settled but key issues remained to be clarified "to the last point."

**Typhoid cases**

Three cases of typhoid have been confirmed among holidaymakers returning from Mallorca. Three more cases are suspected. The patients are in hospitals in Bristol, Manchester, Leeds and Huddersfield.

**Briefly...**

One of the "Shrewsbury Two" building pickets is to be released on parole from Leicester Jail in two weeks. Page 8.

Mr. Ian Trethowan is to take over from Mr. Ruw Wheldon as managing director of BBC Television at the end of the year. Page 7.

Mr. G. C. Bell, secretary of the Confederation of Fried Fish Caterers' Associations, has written to the Prime Minister urging him to investigate the potato shortage which could threaten the British fish and chip industry.

President Ford scored a partial victory in his bid to lift the Congressional embargo on arms to Turkey. Page 4.

Thousands of Rumanian peasants plucked ripened wheat with their bare hands from fields left waterlogged by floods from the Danube, which also destroyed houses and closed factories.

**\$25m. State aid for A. Herbert**

● **ALFRED HERBERT**, the machine tool group, is to receive up to \$25m. of long-term finance from the Government in return for a major stake to be held by the National Enterprise Board.

● **TWO** more directors resigned from Keyser Ullmann, the merchant bank where Mr. Derek White, a vice-chairman of Barclays Bank, recently took over as chairman. Back Page and Lex.

● **HARLAND and Wolff** Order in Council lays down compensation for compulsory acquisition of 9p for each £1 Ordinary stock and 8p each £1 cumulative preference stock.

● **INTERNATIONAL TIMBER** suffered a loss of \$2.74m. in the second half, leaving the pre-tax profit for the year to March 29 down to £1.65m. (£8.95m.). Page 19 and Lex.

**CHIEF PRICE CHANGES YESTERDAY**  
(Prices in pence unless otherwise indicated)

<b>RISERS</b>	<b>FALLS</b>
Treasury 12½pc 1985... 132 1/2	Bank "A"..... 157 + 7
Treasury 6½pc 1976... 127 1/2	Royal Ins..... 292 + 5
Aspd. Newspapers..... 28 + 9	Sainsbury (J.)..... 150 + 6
Baird (Wm.)..... 70 + 3	Solicitors Law Stat..... 48 + 3
Brit. and Comm. Ship..... 177 + 7	Waddington "A"..... 100 + 10
Calsonic Inv..... 157 + 7	Wedgwood..... 120 + 10
Forminster..... 50 + 8	Woolworth..... 120 + 10
General Accident..... 146 + 7	YOL Petroleum..... 75 + 10
Hawker Siddeley..... 273 + 10	Cons. Murchison..... 680 + 20
ICI..... 273 + 3	Ocean Resources..... 560 + 35
Kode Int'l..... 31 + 5	SA Land..... 380 + 20
Land Securities..... 187 + 4	West Rand Cons..... 380 + 20
Lloyds and Scottish..... 64 + 5	
Lucas Inds..... 110 + 6	
Lyle Shipping..... 225 + 9	
Pearson (S.)..... 132 + 7	
Powell Duffryn..... 115 + 6	
Press (Wm.)..... 291 + 3	

## White Paper will follow TUC line on pay

BY JOHN ELLIOTT, LABOUR EDITOR

The Government's wages policy for the coming year, which is scheduled to appear in a White Paper to-morrow, is expected to be based on the TUC's £6-a-week pay package, following the qualified support the plan was given by the TUC general council yesterday.

But, subject to to-day's key Cabinet meeting, there will almost certainly be reserve statutory powers on employers backing up the TUC's voluntary scheme. The fact that the TUC only managed to muster a 19-13 majority means that it will be easier to sell the necessity of the powers within the Labour movement.

Len Murray, TUC general secretary, made it clear yesterday that he intends to use the 19-13 vote as authority to go ahead and implement the policy by urging individual unions to operate it and by starting urgent talks with the CBI on how to monitor pay settlements and arbitrate on would-be exceptions to the £6 rule.

But Mr. Murray stressed that there should be "no special cases" and made it clear that he did not exempt the miners from this. The Left wing of the National Union of Mineworkers, however, has shown no interest in obeying the £6-Mr. Lawrence Daly, the union's general secretary, voted against it yesterday at the TUC—and sharp political fighting can now be expected until Christmas or later over whether the miners should conform.

Broadly the TUC policy document embracing wages, prices and unemployment was substantially accepted by senior Ministers in Downing Street on Tuesday night. Basically this means that its wage proposals are expected to form the core of the White Paper. But Ministers will not embrace all the TUC's ideas, for example, on relating the economy later this year and introducing a six-month gap between price rises.

But Ministers realise that the pressure of the country's economic situation has moved the TUC further away from its ritual insistence on "free collective bargaining" than would have seemed possible a month or so ago and that, as Mr. Len Murray, TUC general secretary, put it yesterday, the package "was a very little bit better on it."

The absolute degree of opposition to the plan is also not so

## Cabinet to decide policy on legislation to-day

BY JOHN BOURNE, LOBBY EDITOR

WITH JUST one day to go to publication of this White Paper on wages, Mr. Harold Wilson, Prime Minister, and his senior economic Ministers met yesterday evening to consider the situation created by the 19-13 TUC vote backing the plan for a £6 a week flat rate rise in the coming round of wage negotiations.

Ministers were concerned last night, not only about the narrowness of the TUC general council vote, but also about the TUC's suggestion of a six-month gap between price increases.

The Prime Minister is understood to be acutely aware of the difficulties companies might face if their workers went on strike for claims above the wage norm. He believes, therefore, that the CBI should prepare its own insurance scheme to help businesses which stand up to strikers, and that if such a scheme emerged it might be backed by guarantee of Government funds.

However, this idea, although mentioned in recent discussions between the CBI and Ministers, is not expected to be in to-morrow's Government White Paper setting out its anti-inflation proposals. For one thing it would be politically unpalatable to Labour MPs who would

## Public 'favour statutory curbs'

The British people are overwhelmingly in favour of the Government's proposed inflation and price control legislation, according to a survey published this morning by Political and Economic Planning, the independent research organisation. The survey shows that as many as 80 per cent. favour statutory measures, and the majority disagree with Government and union attempts to achieve a voluntary policy.

Some leading Conservatives believe that immediate legislation and not reserve powers, is the only way to restore foreign confidence in sterling.

The unsatisfactory elements in yesterday's TUC decision, from the Government's point of view, are not only the narrowness of the vote and the suggestion of a six-month price standstill regarded by Ministers as both impractical and also damaging to industrial investment—but the particular unions which opposed the TUC motion. These included the miners, scientific workers and shop workers, and also the public employees, teachers, fire brigades and local authority workers.

Mr. Denis Healey, the Chancellor, is expected to urge the Cabinet to-day that legislation is needed to prevent the activation of sanctions by Order, if necessary.

## CBI takes hard line on wages

BY HAROLD BOLTER, INDUSTRIAL EDITOR

**EMPLOYERS' LEADERS** last night called for a limit on wage increases of £5 a week or a figure not exceeding 15 per cent, which would mean that the workers involved would expect to receive the remainder of the payments in August next year.

This point may be clarified in the White Paper, as will others including the August 1 starting date and the question of whether the TUC's £7,000 cut-off figure for all rises in the coming year should be raised, as many Ministers would prefer, to £10,000.

But the key point which the TUC will be watching in the White Paper will be the question of statutory powers. Ministers have assured union leaders that there will be no statutory powers on them personally or on unions as organisations or on workers.

On the other hand, the TUC does not object to those limited statutory powers needed to operate the pay limits through the Price Code.

But Mr. Murray yesterday was not to comment specifically on the middle ground favoured by the Chancellor of the Exchequer and other Ministers of holding reserve powers to hit at employers who break the limits by paying out too much.

employees in the food industry—this would mean increases of no more than £5 a week.

● The Government should limit the cash made available to the nationalised industries and the public sector generally to ensure that excessive wage increases are not paid out and reinforce this by writing into the White Paper that it intends to stand firm against attempts to beat the limit.

● Reserve legal powers should be taken by the Government to reinforce the pay limit. Preferably these should act on employers and not unions but if this is impossible on employers alone.

● There should be no tightening of the price code. "Most companies are not half way to reaching their reference levels anyway," Mr. Campbell Adamson, CBI Director-General said.

● For 12 months the Government, the TUC and the CBI should agree that sanctions should continue for only one year and then be followed by a wages explosion.

Through official or unofficial strikes. This would take the form of the removal of social safety payments from strikers and their families.

● The system of automatic increments operated by the Civil Service and some companies should not permit employees to receive pay rises greater than 15 per cent. Fringe benefits and so-called productivity deals should also not be allowed to take pay above the new limit.

● If, as the CBI believes, the Government's new policy is introduced from August 1, the Government should stop companies or workers pressing for immediate settlements exceeding the limit in the interim.

● Wage claims and settlements should be reported to a central body made up of CBI, TUC and Government representatives, meeting at least monthly. This organisation would study how the policy was working and reinforce it if necessary.

Mr. Adamson and Sir Ralph Batesman, the CBI's President, made it clear that they do not believe that the new policy should continue for only one year and then be followed by a wages explosion.

"It must go on until inflation is under control and the money supply—brought in by cuts in investment programmes of the nationalised industries.

## Steep rise for P.O. charges

BY ARTHUR SMITH

**PROPOSALS** for major rises in post and telephone charges to reduce a Post Office deficit amounting at the rate of £1m. a day were announced yesterday.

First-class letters will cost 8½p (up 2½p) and second-class 6½p (up 1½p) from September 29 if the Post Office gets the expected go-ahead. The increase on parcel post will average 30 per cent. From October 1 the minimum charge for a dialled telephone call will go up from 1.5p to 3p.

Without such increases forecasts indicated a loss of about £220m. in the current financial year, Sir William Ryland, the Post Office chairman, said yesterday.

**'Within price code'**

Speaking of the urgency of the present situation, he said that the Government was prepared to compensate the Post Office only for a £70m. loss in the current year, and that losses would not be offset in future years.

Post Office estimates suggest that the proposed increases on inland postal charges will raise £54m. more in the current year to reduce the loss to £70m. Revenue on telecommunications will be £230m. higher, to yield a profit on turnover within the 2 per cent. permitted by the Price Code. Sir William stressed that the whole package was "well within" the Price Code.

The Post Office has also put forward proposals for radical changes in postal services which would include ending of collections on Sundays; delivery of second-class letters by the third working day after posting; ending of the second rural delivery; and closing all Post Office counters on Saturday afternoons.

Sir William revealed that he had written to the Industry Secretary seeking legislation to enable postmen to use American-style garden-gate boxes. Other suggestions include a centralised delivery boxes at flats and offices, so that postmen do not have to climb stairs.

The Post Office last raised post and telephone charges in March and April this year. Sir William said he hoped these would see the Corporation run out with a loss of only £50m. Yesterday he placed the blame for the revised estimates largely on inflation.

"This is a time of the ever-rising price tag, which cuts into the value of the money in our pockets. It is an economic disease to which there is no immunity. It can be terminal."

With a payroll of more than £20,000 and one of the largest investment programmes in the country, the Post Office was "excessively vulnerable to the twin hazards of inflation—the high cost of labour and of borrowed money," he maintained.

Emphasising the difficulty of making forecasts about the rate of inflation, Sir William said he

could see no reason for further increases in charges this year provided inflation did not get worse.

The effect of the proposals would be to put about a quarter of 1 per cent. on the retail price index, he estimated.

Sir William said that a factor in the financial predicament was the need to find £90m. out of revenue to make good a deficiency in the Post Office pension fund relating to the period before it became a public corporation.

Discussions continue with the Government. Sir William said that the pension fund commitments are an obligation of the Government, but they have not been prepared to meet them. For this reason alone the customer is having to pay 1p more a letter and 0.3p on a telephone call."

**Wider gap**

The proposed increases will further widen the differential between first and second-class letters, and should hasten the swing towards use of the second-class service.

The minimum charge for a dialled telephone call from an ordinary telephone will be 3p instead of 1.5p, and calls handled by operators and telex will also rise. The basic charge for inland telegrams increases from 30p to 70p.

Editorial comment, Page 16

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	World Trade News	







# New sculpture by Phillip King

by WILLIAM PACKER

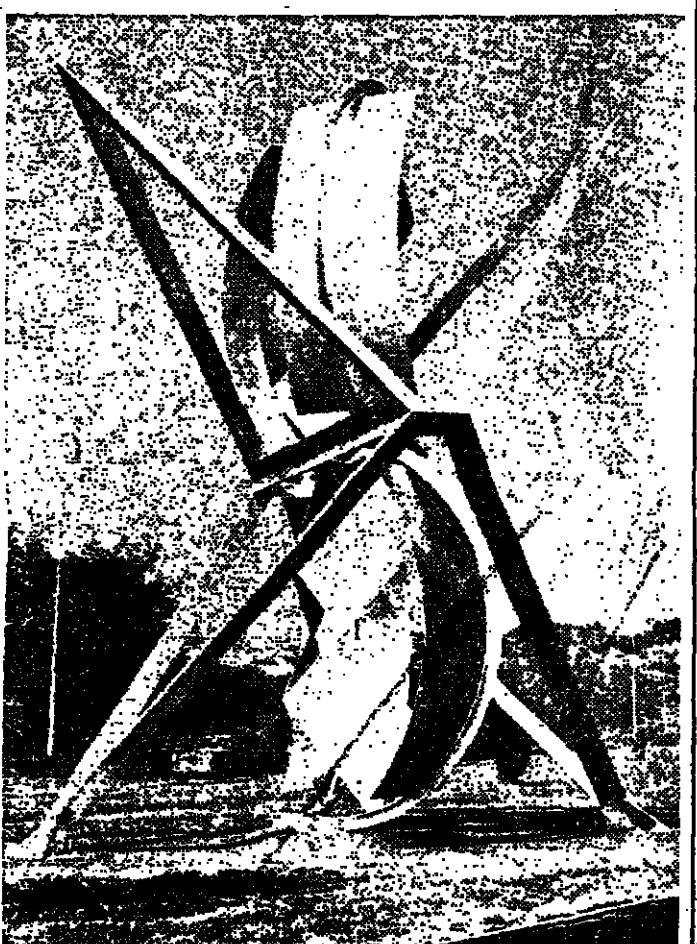
The public commission is the natural means by which the sculptor may relate both himself and his work to society; but he seldom gets the chance. His materials are prohibitively expensive, growing ever more so, and what he does with them is likely to be misunderstood by the general public, prospective clients and public alike. He would have an easier time, no doubt, should he choose to make effigies of statesmen, generals and other benefactors, or try to express his and noble sentiments, the kind of civic furniture familiar to us, and which, indeed, is often admirable.

But times change, and the artist helps to move them. To do his work he needs practical help and encouragement, enlightened patronage which is in short supply. It is extremely heartening to know, therefore,

## Book Reviews appear on Page 14

for this is not the only recent example, that, even in such difficult times as these, some patrons still are prepared to make an act of faith in themselves and their artists, and risk the offending and noble sentiments, the kind of civic furniture familiar to us, and which, indeed, is often admirable.

But times change, and the artist helps to move them. To do his work he needs practical help and encouragement, enlightened patronage which is in short supply. It is extremely heartening to know, therefore,



Phillip King: Clark's Diamond Sculpture

## Arts news in brief

The Hungarian film *Adoption*, directed by Marta Meszáros, won the Golden Bear award at the 25th Berlin Film Festival. The international jury praised the film for its "unsentimental handling of a generally current topic and for its persuasive human presentation."

Silver Bears, awarded as special prizes by the jury, went to the British film *Overlord* and the French film *Monseigneur Dupont*.

*Overlord* is about a young British soldier's experiences prior to the Allied landings in Normandy in World War II. The jury said that the film, directed by Stuart Cooper, stood out for its "poetic combination of documentary and artistic material and for its honouring of the unknown soldier."

## Paris theatre

# Genet's 'Le Balcon' by MICHAEL PEPIATT

Fifteen years after its first performance in Paris, Jean Genet's *Le Balcon* has been put on in a new production by Antoine Boursseiller at (what is now called) the Théâtre Récamier-Boursseiller. It is a long, very verbal and often brilliantly poetic work; the text runs to well over twice the length of *Les Bonnes*, for instance. The main theme of the play is the power and reality of illusion—becomes diffuse and difficult to follow in the twists and turns of ideas leading from one "tableau" to another. Despite Genet's understandable protest (in his notes on *Comment jouer 'Le Balcon'*) against cuts being made, one feels, both when seeing and when reading the play, that a less labyrinthine, more compact version might well be more satisfying.

Antoine Boursseiller has in fact made a few cuts, but even here comes a point about halfway through when one of his attention wavers and never regains its earlier intensity. One can imagine Genet's displeasure on learning that a New York production of his play had been cut with all references to "revolution." Yet it is when the outside world is limited to bursts of machine-gun fire, to

## The Entertainment Guide is on Page 6



John McGuire and Jon Vickers in 'Peter Grimes' which opened last night at Covent Garden

## Record Review

# Mahler's Fifth

by GILLIAN WIDDICOMBE

Mahler's Symphony No. 5 in C Minor, Kindertotenlieder, Christa Ludwig Berlin Philharmonic Orchestra/Karajan Deutsche Grammophon 2707081, £5.90

Karajan's recording of Mahler's Symphony No. 5 is a masterpiece of performance in every way worthy of one of the most influential conductors of the 20th century. It is the first Mahler symphony Karajan has tackled, and he delights in its exuberance and odd juxtapositions. A typical example: after the (falsely romantic) indulgence of the Adagio, the incorrigibly jolly bassoon tune which begins the finale, played very detached and perky. Naturally the performance is irreducible to such praised details for they are keenly observed throughout all five movements, and played with the Berlin Philharmonic's usual virtuosity. However, since this decade seems to be coming weaker and weaker in conductor of senior quality (amazing how many orchestras are now in the hands of exuberant youths in their late forties), this recording encourages a few generalities.

Karajan is sometimes (and often in this country) criticised for the supersmoothness of his work. Forgiving say in Brahms symphony, and in Mozart particularly, the impression that his orchestra is presenting a gift-wrapped parcel on a gold salver: lyrical, veined, rhythmic thrusts, and dramatic corners smoothed by the tone of the BPO, as slick, sweet and disguising as honeysuckle perfume. Maybe the Protestant Ethic is responsible for the not uncommon suggestion that a slightly rough-edged, honest and exciting, particularly where Mahlerian sweat and frenzy are concerned; and that Karajan's premise that every note and tack within the orchestral canvas must be beautiful is somehow superficial.

Happily for those who admire his ability to organise musical sonority, and irritatingly for those who consider his work cold and glossy, Karajan has recently extended his repertoire (at an age when most conductors cut down drastically) and upset those arguments suddenly. The first upsetting was his extraordinary recording of the orchestral works of Schoenberg, Berg and Webern a few months ago, which brought to the toughest and most fragmented of those essays in orchestral (and instrumental) difficulty a sense of

literary precision and luxurious sonority, which vastly increased their stature. And now this Fifth Symphony by Mahler, gradations to the letter, and played with emotional mobility, without screaming vulgarity; and producing a wider, more flexible range of colour from the BPO than one might have imagined possible.

Karajan exercises control of soloists within the orchestra with singular care. The idea that different woodwind players be used for different kinds of music is not unknown in the London orchestras, but its application is usually more practical than musical. Mahler's solo wind writing is especially important in the Fifth Symphony, and the BPO's pointed plangent execution gives the strongest suggestion that every line is as chosen by Karajan. This even extends to the tympani playing. Last time I heard the BPO in person, I noticed some very harsh tympani playing in the Brahms symphonies—presumably Karajan considers that Brahms uses the tympani primarily for rhythmic underlining. Here, however, the playing is infinitely delicate, with strong melodic shaping and imaginative articulation. Even the strings produce light, detached attack (not at all their usual reputation) for the staccato argument in the finale.

Karajan evidently takes the opposite view of the symphony's difficulties to that expressed by Haitink with the Concertgebouw. Haitink steadies and organises the symphony, and sustains it by careful attention to related tempos, to developments, arguments, sequences. Karajan assumes that if Mahler had wanted to express himself in the formal language of a later Brahms, he could have done so; and that the abruptness, urgency, and peculiarly nostalgic use of popular idioms is a deliberate essential in Mahler's style. He heightens and widens, more than any conductor save Barbirolli. The marsh character of the opening movement could be the fanfare opening the third world war; yet the actual funeral march is tender and lingering, a Viennese souvenir for all concerned.

I suspect that Karajan thinks Mahler's Scherzo over long, for he hurries it noticeably towards the end. But Mahler was guilty of silly instructions here: what does "Kraftig nicht zu schnell" mean literally? when a composer writes "not too" anything, he immediately implies that he imagined extremely something, and then changed his mind. Karajan takes the confusion of

## Ludlow Castle

# Twelfth Night

by B. A. YOUNG

Ludlow, en fête for the 73rd birthday of the 30th century, offers a star-encrusted Twelfth Night in the fine open-air set and small serens. The knights tinging within the Castle's red stone walls. Philip Groust is the director. In his *Othello* here last year he made little concession to the alfresco situation; this year he has gone out for visual effect, sometimes with some unexpected notions.

For instance, his Viola and Sebastian are black. Why not? It immediately emphasises their foreignness in Orsino's territory, and a very entertaining one, bald Indianapolis-born Suzanne Stone makes a fine boyish Viola, and can melt into a truly girlish sentiment; this is definitely one to watch. Joseph Charles is a good optical match, though hardly a dramatic one; they both look pretty in their rainbow scarves above trendy white capes.

Apart from Gayle Hunnicutt's Olivia, the well-known names are for the comic parts. Miss Hunnicutt was brave to make her Shakespearean debut in the open-air, and her courage is justified. Sometimes there is little monotony in her delivery as she battles with the distances, but her voice is limpid and wide-ranging, and she combines ravishing beauty with a cool dignity that she is capable of dropping momentarily to good effect. Equally romantic David Delve's handsome Orsino. Sir Toby is Rupert Davies. Sir 20th-century Shropshire.

Andrew is Peter Gilmore. Malvolio is Bernard Bresslaw, a feast for watchers of both large and small serens. The knights are not quite funny enough, in spite of Mr. Gilmore's General Amin uniform and restless comic business. Hugh Durrant, the designer, seems to have dressed each character individually without any overall pattern. Sir Toby is a Victorian squire, Olivia is an Edwardian lady, Orsino is a Sebastian are black. Why not? But at least Malvolio is a butler, and a very entertaining one, bald Indianapolis-born Suzanne Stone makes a fine boyish Viola, and can melt into a truly girlish sentiment; this is definitely one to watch. Joseph Charles is a good optical match, though hardly a dramatic one; they both look pretty in their rainbow scarves above trendy white capes.

It's the comparative dullness of the knights that accounts for the slow start to the evening. The play takes a little while to get into its stride. It seems progressively happier as the electric take over from the daylight, and by the final ensemble scene it has built up a splendid pace. Then it dissolves in a prettily diminishing as the lovers and their minions go off and leave the stage to Tom Adams' Feste and Peter Forest's Antonio. Antonio, however, an unexpected talent for the bawdy, accompanies Feste in a rather solemn rendering of the closing song (the charming music is by Ian Kellman) as the lights fade and we are gently returned to Delve's handsome Orsino.

## Soho Poly

# Gem

by MICHAEL COVENEY

Barrie Keeffe's lunchtime play smells of first-hand knowledge. Four young Holborn office-workers are stranded on the far side of a cricket field as the firm's team takes on an Essex division side. Kev (Will Knightley) has encouraged the others to this isolation as a sullen gesture against the striped brigade, their supercilious manners and their ignorance and incompetence at work. Kev invokes the name of Olive Jenkins as the potential scourge of these hearty executives, although he spends more time muttering about the traitorous participation in the game by a young black colleague than he does expounding his plan of campaign.

The character of Kev and the world he works in and despises is vividly transmitted in both writing and performance. The score is a heroic and matchless frustration of the bright grammar school boy with a few O-levels inescapably trapped in as "good tactics" for when the city is strongly drawn: time comes to move up the scale whereas many such boys might immerse themselves in the solidities that Kev, perhaps, firm's off-duty leisure activities, won't. The director is Keith Kev has chosen to resist that Washington.

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Kuwait Investment Company S.A.K.	Kyowa Finance (Hong Kong) Limited	Lewis & Peat Merchant Bank Limited	LTCE Asia Limited
Manufacturers Hanover Asia Ltd.	Morgan Guaranty and Partners Limited	New Court Merchant Bankers Limited	
New Japan Securities Co., Ltd.	The Nikko Securities Co., Ltd.	The Nippon Kangyo Kakumaru Securities Co., Ltd.	
The Nomura Securities Co., Ltd.	Pan Asian Finance Limited	P.T. Merchant Investment Corporation	
P.T. Multinational Finance Corporation	Schroders & Chartered Limited	Singapore International Finance Corporation	
Richardson Securities of Canada (Pacific) Limited	Singapore Nomura Merchant Bank Limited	Suntomo & East Asia Limited	
Singapore-Japan Merchant Bank Ltd.	Thai Investment & Securities Co., Ltd.	Thai-Mitsubishi Investment Corporation Ltd.	
Taiyo Kobe Finance Hong Kong Limited	Tokyo Finance (Asia) Ltd.	Trident International Finance Limited	Union Bank S.A.L.
Temenggong Merchant Bankers Limited	Wako Securities Co., Ltd.	Wardley Limited	Yamaichi Securities Co., Ltd.
United Chase Merchant Bankers Limited			



## WORLD TRADE NEWS

## Davy to build £25m. plant in W. Germany

By Ray Dafter

DAVY POWERGAS, part of the Davy International group, is to build a £25m. chemical plant in West Germany.

Scheduled to come on stream in the autumn of 1977, the plant is likely to be the first petrochemical unit to use natural gas from the Norwegian sector of the North Sea. The contract has been awarded by Dyno Methanol Industrie, a newly-formed German subsidiary of the Norwegian chemical and industrial group Dyno Industries.

The plant, to be built on a new site at Emden, in Lower Saxony, is designed to produce 1,000 tons a day of methanol. Its design is based on a process developed by the agricultural division of Imperial Chemical Industries. Some 23 plants have been built worldwide using this process, ten of them put up by Davy Powergas.

The unit will also employ a "reduced energy/low carbon" concept developed jointly by Davy and ICI. Davy, the U.K.-based contractor, said that the contract was won by its German subsidiary against strong competition from international companies proposing alternative technology.

Davy will be responsible for the project management, engineering, equipment, procurement, construction supervision and start-up assistance.

Feedstock for the plant will be natural gas from the Ekofisk Field. The gas will be piped to a new terminal at Emden, some six kilometres from the methanol plant. Dyno uses considerable quantities of methanol in the production of formaldehyde, wood glues and plastics and the development should enable the group to develop further in these sectors.

## Export Contracts

AMPLEX CORPORATION will build a widefield information system costing \$4.5m. over the next two years for the Metropolitan Police, New Scotland Yard, to assist the fingerprint identification process.

APV-PARAMOUNT will provide 138 catalyst tubes worth £250,000 for a steam reforming furnace of the Tabriz refinery, Iran.

KASPARIAN, Basildon, Essex, has a three-year order worth £1m. from its U.S. distributors HMS Marine, Michigan, for racing and family boats.

BOC reports orders worth \$575,000 for welding and cutting equipment from South Korea, Egypt and Cuba. Hyundai's latest order from South Korea is for £250,000 of multi-operator transformers, raising to £1m. the equipment sold to Hyundai shipyard over the past 12 months.

QUINTON HAZELL will supply vehicle spares valued at \$21,000 to Czechoslovakia.

## Recession cartel by Japanese specialist steel makers

TOKYO, July 9.

THE SMALLER Japanese steel mills specialising in operating open-hearth and electric furnaces plan to form a recession cartel to reduce production of steel in the Open-Hearth and Electric Furnaces Ordinary Steel Council states.

The council hopes to carry the cartel into effect for six months, starting in October, subject to approval by the Fair Trade Commission.

The rate of curtailment is currently being discussed by council members.

## German loan for Malta

By Our Own Correspondent

VALLETTA, July 9.

WEST GERMANY has given Malta DM32m. (\$26m.) soft loan, repayable in 30 years. The accord was signed to-day following three years of negotiations aimed at improving the terms. The West German government eventually lowered its interest rate to 2 per cent, and removed conditions binding Malta to use the loan only for the purchase of German goods.

The major part of the funds, DM22m., will be handed over this year, with the remainder received by Malta by 1978.

Malta will be able to purchase raw materials, chemical products and spare parts with the money, ships and aircraft, however, must be purchased from German companies. Authoritative sources here said there was a distinct possibility of Malta purchasing a vessel for its national shipping line Sea Malta, and also oil products.

The deal cannot finance the purchase of commodities, the sources added, thus denying reports that the loan was to finance bulk purchases of foodstuffs.

## Israel steps up chemical output

By L. Daniel

HAIFA, July 9.

HAIFA CHEMICALS, a company owned by Haifa Refineries, is about to double its output of potassium nitrate. Established in 1967, the company now produces 105,000 tons of potassium nitrate annually—both fertiliser and technical grade—by a process invented by Israeli Mining Industries, which is said to cost half that used by other companies.

A \$30m. expansion programme is under way, and it is expected that the new capacity will be on stream in 1977.

All but 3 per cent of production is exported, with 1975 income expected to reach \$25m. Some 40 per cent of sales are to Common Market countries, where the company is buying \$7m.-worth of equipment annually.

In addition to potassium nitrate, the plant is producing 13,000 tons per annum of technical grade phosphoric acid (expressed as P2O5) special complex fertilisers, magnesium nitrate and zinc nitrate solutions for foliar spray and technical phosphate salts.

## Cyprus trade gap halved

By Our Own Correspondent

NICOSIA, July 9

THE TURKISH invasion of Cyprus last year badly disrupted the island's economy and halted the impressive growth—but, ironically, it has helped to more than halve the trade gap.

Official statistics show that imports in the first four months of 1975 totalled \$382m. against \$73.6m. during the same period last year. Exports dropped from \$21.1m. to \$9.9m.

The trade deficit thus decreased to \$282.3m., compared with \$252.5m.

Exports for April alone were just over \$4m., against \$8m. last year, while imports reached \$8.5m.

The U.K. was again the island's best trading partner. During April it bought Cyprus products worth \$1.1m., followed by Libya (\$234,000). Imports from the U.K. were \$1.6m.

Mr. John Christofides, Minister of Foreign Affairs, back from a meeting of the Cyprus-EEC Association Council, said Common Market ministers had responded positively to the Cyprus request that the European Community should take more of its manufactured and agricultural products to help in the reactivation of its economy, following the war last year.

## JAPAN REDUCES SOME TARIFFS

BRUSSELS, July 9.

JAPAN HAS cut import duties on some EEC products in an effort to compensate for the 170 per cent increase in Japanese export tariffs on EEC goods. EEC Commission officials said to-day.

The tariff cuts add up to \$16,000 (\$247,000), against the \$280,000 extra revenue expected from the ski boot increase. They apply to a number of synthetic fibres, marble products, glass mirrors, electrical calculators, cigarette lighters, certain types of furniture and musical instruments and tractor engines.

## Ford move to ease American arms embargo on Turkey

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, July 9.

PRESIDENT FORD to-day scored a victory in his campaign to lift the Congressionally imposed embargo on U.S. military supplies to Turkey — though it is still unclear whether he is going to succeed.

After a breakfast meeting with over 100 members of the House of Representatives, the President said now he had gained the support of the House Armed Services Committee for a compromise Bill that would allow Turkey to collect \$70m. worth of equipment bought before the embargo took effect.

The compromise formula would also allow the Turkish Government to purchase further military supplies from private American contractors out of its own pocket. However, it would continue to be ineligible for U.S. military aid.

The chairman of the House

Foreign Affairs Committee, Mr. Thomas Morgan, said that his committee would be holding hearings on this proposal to-morrow and that it hoped to report out the compromise Bill in time for a floor vote in the House next week.

However, it is still not clear whether the Administration can count on the full House reversing the 200 vote margin by which it supported the embargo, in favour of this compromise which involves no known concessions by the Turkish Government in its policy towards Cyprus.

To-day, aides to Mr. John Brademas (Democrat-Indiana) who lead the House movement against the embargo, said they were not sure whether the Ford compromise and predicted that the House would not pass it unless the Turkish Government softened its Cyprus stance.

The Senate has already agreed to lift the arms embargo under strong pressure from the Administration, which argued that it was impeding a Cyprus settlement, disrupting NATO and undermining America's relations with Turkey. However, the House has refused to follow suit so far, and the Turkish Government's threat to renegotiate the status of U.S. military bases in Turkey if the ban is not lifted by July 17 seems on balance to have made a difficult situation worse.

The Administration is clearly worried about this threat. On the other hand, Dr. Kissinger publicly rebuked the Turks for making it in a speech in Atlanta a few weeks ago, saying that the U.S. regarded its security treaties with other countries as being a matter of mutual interest.

## Ashland Oil was CIA conduit

BY GUY DE JONQUIERES

NEW YORK, July 9.

ASHLAND OIL, already under heavy fire for inadequate financial reporting, has admitted acting as a conduit for payments from the Central Intelligence Agency used to finance covert intelligence activities abroad.

According to a report which the company has filed with the Securities and Exchange Commission, Ashland received almost \$100,000 from the CIA over five years. The specific use of the funds and where they were spent has not been disclosed, though Ashland has operations in about 70 countries.

The payments have been confirmed by the CIA, amid indications that it has used a number of other American corporations as "covers" for funds transfers. The Wall Street Journal quoted an unidentified CIA lawyer as saying that the Ashland case was "not an isolated practice," though he declined to give further details.

There has been one other instance to date in which the CIA

is known to have used the offices of a U.S. company for covert operations. This was the construction and operation by the Global Marine of a ship commando by the CIA to raise parts of a sunken Soviet submarine from the floor of the Pacific Ocean.

The Ashland report discloses that the company received five payments totalling \$88,988 from the CIA between December, 1968, and March, 1973. Roughly half the total was paid in the form of two cheques and the rest was in cash. The cash was kept in a company safe before being transferred to a corporate bank account in New York.

According to the report, \$25,000 was withdrawn from the account at one point and transferred to "an unidentified third party." The sum was originally charged to the account of Mr. Ashland Indonesia but Mr. William Seaton, Ashland's vice chairman, is quoted in the report as saying that the money may have been used in connection with the company's

activities in the Philippines. Citing an unidentified Government official, the Wall Street Journal reported to-day that the CIA payments were all used to reimburse Ashland for the salaries of CIA agents which had been paid initially by the company.

According to the same official, Ashland became a "front" for the CIA on at least one occasion. The company is said to have purchased a smaller concern several years ago, only to find out that it had been set up by the CIA as a cover for intelligence purposes. Ashland apparently agreed to pay salaries of the concern's employees and was later reimbursed by the CIA.

The report, which contains few specifics, submitted to the Securities and Exchange Commission, intended to account for a number of Ashland's unrecorded transactions in the U.S. and abroad and for some \$800,000 corporate contributions in the U.S., most of which were illegal.

## U.S. seamen's union probe

By Jay Palmer

NEW YORK, July 9.

MANY former and present members of the U.S. National Maritime Union, which represents about 25,000 American sailors, are now known to be under investigation and facing possible charges by a New Jersey federal grand jury.

The Government's charges are understood to include allegations of illegal kickbacks and payoffs from the N.M.U.'s law firm, various shippers and investment brokers. Other possible allegations centre on misappropriation of union funds, tax evasion and labour malpractice.

## Rockefeller 'not on team'

BY ADRIAN DICKS

WASHINGTON, July 9.

PRESIDENT Ford feels he has no commitment to take Mr. Nelson Rockefeller as his running mate in next year's election campaign, and will leave the Vice-President to fend for himself between now and the Republican party convention, the President's newly appointed campaign director, Mr. Howard Callaway, said to-day.

Mr. Rockefeller would not be "on the team," Mr. Callaway added, "because we're not going to alienate persons who don't like Rockefeller."

The campaign director's remarks this morning were the first bow by the President's supporters towards the Right-wing of the party, where Mr. Ford still faces a potential challenge from well as the Centre of the party.

While the British Government makes up its mind about MPs' pay, the U.S. Congress is afraid to increase its own members' salaries. Adrian Dicks reports from Washington.

## A freeze amid plenty

BY MOST PEOPLE'S standards, and certainly those of their hard-pressed British counterparts, the 535 members of the U.S. Congress are living on Easy Street. They draw an annual salary of \$28,500, which is more than many might count on making in business or law practice, but considerably more than the \$38,000 that is the maximum allowable by law to career civil servants, and nearly three times the average salary of the country's 18,000 members of the personal staffs and of the staffs of the committees to which they are assigned—among whom are many of the best minds in Washington. They have free access to the resources of several institutions set up specially to provide them with facts, figures and unbiased guidance on complex matters, including the Library of Congress, the recently-created Office of Technology Assessment and the General Accounting Office, the financial watchdog and auditor of the Federal Government.

Congressmen enjoy free postage, which they used last year to the tune of \$72,500 each, up to 37 officially-paid trips back to their states and districts (at an average cost of \$47,000 a head), and up to 25,000 minutes a year of long-distance telephone calls. To this must be added such privileges as free photographs of themselves at work, free medical and recreational facilities in the Capitol, subsidised meals in the Senate and House dining rooms, and not least, office equipment and stationery allowances worth over \$28,000 a year.

All told, the cost of each member of Congress has been calculated at over \$600,000 a year if you divide the number of members into the \$326m. total budget of the legislative branch of government. If a proportionate share of the costs of the Library of Congress, the OTA, GAO, Congressional Budget Office and other agencies is included—though they do serve a much wider public—the average per legislator could be computed as high as \$1.3m.

At a time when most Americans are reeling from last year's inflation and this year's unemployment, Congressmen are

more than a little embarrassed by these figures. They have tended to keep a decent silence about the case that can be made for a pay increase, mindful of the very visible target their way of life presents to any small-time populist challenger. Excess there has certainly been, as almost any Senator or Representative would probably admit. The Congress has unlimited power to set its own budget, and has seldom been shy about wielding them. During the six months that the present 94th Congress has been in session, Senators have been allowed to take on three more staff assistants

One argument which obviously finds a ready audience in Capitol Hill itself is that Congressmen need to be assured of a standard of living high enough to discourage them from accepting potentially compromising presents or hospitality. The same argument can be made in support of free travel and the other benefits. Alternatively, it can be said that higher pay would free them of the obligation to spend a lot of time giving lectures or making speeches for inflated fees, as many now do to supplement their incomes. No one disputes that members of Congress are forced into an expensive way of life, usually keeping up two households, each in Washington. It is nowadays especially expensive. If Congressmen cannot live within their means there is no shortage of lobbyists willing to help.

A second consideration, which applies more to the lower echelons of Congress, is the increasing complexity and volume of work in Congress. The parallel with the British Member of Parliament, never an exact one, breaks down when one examines the much greater scope individual members of Congress have for drafting, introducing, and managing their own Bills. It also founders on the much greater power and responsibility of U.S. Congressional committees in shaping legislation.

Ironically, the members of Congress have not been the greatest sufferers from what has virtually been a freeze of salaries since 1969. Congressional pay has only one part of the overall hierarchy of salaries for the top echelons of the American Government, and by tradition it stays in step with the others. President receives \$200,000 a year, plus expenses. The Vice-President, the Speaker of the House, and the Chief Justice each earn \$82,500, with the members of the Cabinet and the eight associate Supreme Court justices a dose behind with \$60,000. The majority and

minority members of the two houses draw \$46,500, with remaining Senators and Congressmen circuit court judges and heads of sub-cabinet level government departments level at \$42,500. Next come district court judges and chairmen of major bureaus and commissions at \$40,000. Together with top members of the White House staff. After all these come lesser political appointees at \$38,000, and the top federal civil servants and senior congressional staff drawing only \$36,000.

These ceilings have kept the public sector, industry or professional practice, and the effect in a period of inflation has been to step up the exodus of public servants for higher salaries elsewhere. Federal judges in several areas have resigned, complaining that they could not make ends meet. The turnover of lawyers in some departments is said to be close to 100 per cent a year, while Mr. Jack Bennett, former Under Secretary of the Treasury for monetary affairs, stated when he abruptly quit his office last month that he could not afford to remain.

The remedy for this increasingly worrying situation lies mainly with Congress, which got as far as reviewing a scheme last November which would have raised the ceiling all round by \$10,000. It balked at taking action in the absence of any encouragement from the President, who is deeply committed to keeping a brake on public spending. However, while Congressmen themselves have many opportunities to reap at close quarters through higher expenses and allowances, there is no such opportunity for those in the executive and judicial branches to insulate themselves from the cold draughts of inflation.

THE FINANCIAL TIMES, published daily except Sundays and public holidays. Subscription price £10.00 per annum in advance. Single copies 5p. (U.S. \$15.00 per annum in advance. Single copies 50c.) Second class postage paid at New York, N.Y.

**AUTHORS WANTED**  
BY N.Y. PUBLISHER

## COLD STORAGE HOLDINGS LIMITED

Annual Report And Accounts  
For The Year Ended  
31st January, 1975.

Extracts from the statement of the Chairman, S.R. Parker, to be presented at the Annual General Meeting of the Company in Singapore on 18th July, 1975.

## GROUP PERFORMANCE

Group sales advanced to \$5166,000,000 from last year's level of \$5140,000,000 whilst consolidated net profits before charging taxation amounted to \$260,261,000 compared with \$219,915,000 for the previous year.

## DIVIDENDS

Your Board now recommends a final dividend on the increased capital of 7½ cents per stock unit. The total dividend of 14½ cents per stock unit requires an appropriation of \$36,694,262 compared with \$36,104,666 last year.

## GROUP OPERATIONS

This has been a difficult year for our manufacturing and trading operations, characterised by very steep and unavoidable rises in raw ingredients, materials, fuel and labour costs. Overall Group profits have been maintained at last year's level in view of the success of our major operating divisions in improving their sales and productivity, thereby enabling us to absorb the substantial cost increases. In the latter part of the year, several new projects made positive contributions to Group profitability.

## PROJECTS

Capital expenditure in 1974 reached a record level of \$220.6 million which has been provided entirely out of internal resources of the Group. Expenditure on new developments in the current financial year will also continue at a substantial level.

## OUTLOOK

Continuing inflation, and the present depressed level of world trade provide the setting for a generally adverse economic background against which Group prospects must be considered in the current year. In these circumstances it is encouraging that in the first quarter of the year we have been able to hold profits at last year's level and, with an increasing contribution from new projects, we expect a rising trend in profits to be resumed in the latter half of the year.

## SALIENT FIGURES FROM THE ACCOUNTS

Year ended 31st January	1975	1974
Turnover	\$5,166,000,000	\$5,140,000,000
Group Profit before Taxation	\$260,261,000	\$219,915,000
Group Profit after Taxation attributable to stockholders	\$11,867,000	\$10,481,000
Dividends (net) interim and proposed final	\$36,694,262	\$36,104,666
Earnings per stock unit	14.4 cents	13.5 cents

Head Office: Cold Storage Group of Companies, Empire House, Singapore 4.  
Australian Agents: C.S. Yull & Co. Pty. Ltd., 3 Spring Street, Sydney N.S.W.  
London Agents: Yull's Ltd., Botolph Claydon, 10 Eastcheap, London EC3M 1AS.



## OVERSEAS NEWS

## 'Last resort' Senate move in Australian loans row

THE AUSTRALIAN Senate to night decided to call 12 of the country's most senior public servants before it next Tuesday to hear evidence on the Government's proposed move to appoint a Royal Commission to inquire into Governmental overseas loans dealings.

The Liberal-Country Party opposition dominates the Senate, and its leader there, Senator Reg Withers, moving the motion, said members were not satisfied with the account the Government gave Parliament today of its loan dealings.

The Senate's move was the latest in the political row here over Government attempts to borrow up to \$US4bn. from Arab sources.

The Senate sat to-night after the House of Representatives, recalled from its winter recess for a one-day special session, heard an hour-long defence of the Government's loan activities from Prime Minister Gough Whitlam.

The row broke out over allegations of Labour Government misbehaviour in overseas borrowing. It led Mr. Whitlam to dismiss his Deputy Prime Minister, Dr. James Cairns.

Mr. Whitlam said there had been no specific charge of impropriety of illegal or corrupt conduct by his Government, himself or other ministers.

In reply, Opposition leader Malcolm Fraser called for a Royal Commission into the affair, saying Mr. Whitlam's statement and documents he had tabled had done nothing to allay public concern.

The house rose to-night after a five and a half hour debate, but took no action. It will not sit again until August 19.

It was left for the Senate to take a lead, with the passing of the motion to summon 12 people before it. The last time this was done was in 1931.

Senator Withers said he admitted quite frankly that the Senate was not the best place for the inquiry to be held, and added: "This is a last resort exercise we are indulging in."

He said if the Government set up a Royal Commission before the Senate met it would disband and go home. If not, the Senate would call the witnesses who include the Secretary of the Treasury, Sir Frederick Wheeler, the Secretary of the Department of Minerals and Energy, Sir Lennox Hewitt, the Secretary of the Attorney-General's Department, Mr. Clarrise Harders, and the Solicitor General, Mr. Maurice Byers.

Earlier, Mr. Whitlam called on the Opposition to "put up or shut up" in its accusations of impropriety.

He was speaking in the House of Representatives, recalled from its winter recess for the one-day session, after the failure over reports of Government attempts to borrow up to \$US4bn. from Arab sources.

Mr. Whitlam said today: "In all the welter of information and misinformation of the past two weeks, in all the orgy of trivia drummed up as investigative reporting, one clear fact emerges: no responsible person has expressly or directly made any specific charge of impropriety, of illegal or corrupt conduct on the part of my Government, myself or any individual minister."

The Prime Minister said Parliament was the place to make charges. "This is the place where they shall be answered," he said.

The Prime Minister said the fault was grievous, but it lies not in his integrity or reputation as a man of honour.

Since there is no territorial dispute between Syria and Iraq in the area these latest incidents and the escalation of the bitter dispute between the two ruling wings of the Ba'ath Party to a level which must seriously concern the rest of the Arab world, the Iraqi capital as a deliberate provocation.

Iraqi officials have expressed anger at the Syrian expulsion of the military attaches.

The dispute and the latest incidents have been widely reported in the Baghdad Press where a sustained campaign against the Syrian regime is under way.

## Iraq says Syria is violating its borders

By Alain Cass

BAGHDAD, July 9.

IRAQ HAS formally protested to the Arab League over what it describes as the continuing encroachment of Syrian military and intelligence units into Iraqi territory.

The protest comes after a decision by Syria to expel the Iraqi military mission in Damascus. The entire staff was reportedly given 48 hours to leave the country.

The Iraqi note further claims that members of the Syrian Camel Corps and Syrian intelligence have been laying ambushes in the area between Beer Jar and Jarba frontiers posts.

On June 15, according to Iraqi officials, two members of Syrian intelligence attempted to "assault and shoot" an Iraqi contractor.

Since there is no territorial dispute between Syria and Iraq in the area these latest incidents and the escalation of the bitter dispute between the two ruling wings of the Ba'ath Party to a level which must seriously concern the rest of the Arab world, the Iraqi capital as a deliberate provocation.

Iraqi officials have expressed anger at the Syrian expulsion of the military attaches.

The dispute and the latest incidents have been widely reported in the Baghdad Press where a sustained campaign against the Syrian regime is under way.

The Iraqi authorities also claim that Syria has imposed new Customs clearance regulations at a time which has changed the composition of what remains a right wing cabinet, he has bought himself and the country a little time.

A new Government, however, may not be enough. For the evidence is that the fighting was almost unceasingly a collection of confessional and ethnic groupings may not respond to the traditional game of musical chairs played by a handful of privileged politicians to a tune which has changed little, if at all, over the years.

Something more profound may be needed.

Certainly if a bargain is not struck it is hard to see how there can be any alternative to the well-equipped and burgeoning private armies taking to the streets once again and fighting it out until, as Mr. Jomblatt put it, "their weapons simply fall from their hands."

It is, of course, far too early to say with any degree of certainty, but the first signs are that attitudes have hardened to an unprecedented degree and that the most sophisticated and advanced country in the Arab world.

The heart of the matter, by common consent, is the claim of both the Left and of the Muslim Shiite community, that they who opposed the Christian right wing in the last of the fighting, the nature of the problem is essentially Lebanese.

If and when the three sides (Christian right wing, socialists, and Muslims) get together to see if a solution can be found which is radical and makes for unity, they will be talking, essentially, about two things. The first is how to redistribute power without provoking a civil war—and that inevitably implies taking some away from the Christians.

Mr. Gemayel says that "everything, including the system, is negotiable." In an interview he compared the psychological shock suffered by the Christians in Lebanon as a result of the recent troubles to that which Israel suffered after the October war when their invincibility and sense of superiority was cracked. The parallel is, perhaps, a little unfortunate but accurate.

The Phalangist-led Christian community is both angry and afraid. It has become a privileged minority which fears that if it loses some of its privileges it will become a defenceless minority. Thus, as one observer put it, "they may be in the wrong frame of mind for compromise."

The second issue which would have to be discussed is Lebanon's position in the Arab world and its stand on the Middle East. Here, too, a redefinition of Lebanon's identity is being sought by the Left and the Muslims. External events have a clear influence on Lebanon's internal problems, and the fact that this Christian-dominated country has never quite accepted its role as an Arab country has proved an exacerbating element, and an invitation to radical and subversive elements in the Arab world to exploit the social and political discontent of the Muslims.

## THE LEBANON AFTER THE FIGHTING

## A land between gunfights

BY ALAIN CASS, RECENTLY IN BEIRUT

AFTER one of the bloodiest, most bitterly contested sectarian arguments in its short history the Lebanon is living a precarious ceasefire. The outcome of the last quarter's fighting, which left more than a thousand dead and millions of pounds worth of damage, was inconclusive, raising serious questions and solving none.

Now governed by a temporary six-man cabinet whose average age is 63 and which includes neither of the two principal adversaries in the recent street battles, the Lebanese appear, above all else, grateful to have emerged from a storm which very nearly turned into a whirlwind.

Mr. Rashid Karami, the Prime Minister, has said with apparent confidence that "Lebanon's future is in the hands of the Lebanese people" as they are called will not repeat themselves and that the Lebanon has begun the healing process.

That view is not widely held among his compatriots though he has been asked to predict quite where the Lebanon goes from here.

Mr. Karami's immediate task is to clear the debris, restore a measure of confidence in what, after all, is the financial centre of the Middle East, and persuade dozens of foreign companies over whose long term investment plans now hangs a huge question mark that the fighting was more than a diversion from Lebanon's traditional stability.

He must also attempt to form a government capable of uniting the people and reconciling their differences. By persuading the right wing Phalangist party to stay out of the government (for the first time since 1958), and by getting the Syrians to persuade Mr. Kamal Jomblatt's Socialist Alliance to agree to the composition of what remains a right wing cabinet, he has bought himself and the country a little time.

A new Government, however, may not be enough. For the evidence is that the fighting was almost unceasingly a collection of confessional and ethnic groupings may not respond to the traditional game of musical chairs played by a handful of privileged politicians to a tune which has changed little, if at all, over the years.

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The second issue which would have to be discussed is Lebanon's position in the Arab world and its stand on the Middle East. Here, too, a redefinition of Lebanon's identity is being sought by the Left and the Muslims. External events have a clear influence on Lebanon's internal problems, and the fact that this Christian-dominated country has never quite accepted its role as an Arab country has proved an exacerbating element, and an invitation to radical and subversive elements in the Arab world to exploit the social and political discontent of the Muslims.

Essentially, the onus to concede is on the Christians. Whether they do so or whether, as one Muslim leader put it, they "choose to fight their last crusade" is a question as provocative as it is depressingly realistic.

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## The psychological damage inflicted by the violence may be too great to be papered over by one of those typically Lebanese compromises.

of the Christian community; and that, anyway, the population census on which the system was based in 1943 and which assumed a Christian majority, has been overtaken and that a new census would reveal a Muslim majority.

Demands for reform include a revision of the electoral law (which apportions 60 seats to the Christians and five to the Muslims, a more equitable distribution of army posts, a review of the naturalisation laws, an anti-monopoly charter, and a firm commitment to the Palestinian presence in Lebanon. All these points are likely to be bitterly disputed though the last point, so far as the Phalangists are concerned, is the source of all the Lebanon's problems.

"We have a state within a state," Mr. Pierre Gemayel, their leader, says. "They make their own laws, invite reprisals on Lebanese territory by Israel and act as a fifth column for foreign subversives."

Interestingly, however, other than the curious role of the Syrian-backed Al Saqa guerrilla group which intervened and kept tension high up to the very moment when the Syrian Foreign Minister came to play a crucial role in arranging a ceasefire, the Palestinians kept well out of it this time. The Lebanon remains the only country along Israel's borders where they are free to do as they wish. Especially if a bargain is not

Japan's 1975 spring wage negotiations, which determined new levels of compensation for most of the country's workers, resulted in an average 13.1 per cent. increase in base pay, according to the Ministry of Labour.

The rate of increase was less than half of last year's average 32.9 per cent. rise and it was comfortably under the 15 per cent. target set last autumn by big business.

In absolute terms, the average increase this year came to ¥15,279 a month, down from ¥28,981 a month last year, the Ministry said. It was the first such decline in ten years.

Base pay is only one component of the total compensation of Japanese workers. They also receive bonus payments twice a year; that average several months' base pay (the exact amount depends on the profitability of the industry concerned) and they receive substantial allowances for housing, travel and other items. In addition, overtime pay is often an important contributor to overall income.

TOKYO, July 9.

JAPAN IS willing in principle to let the Palestine Liberation Organisation open an office in Tokyo although it has considerable reservations about the degree of diplomatic status that would be accorded to the office. This was made clear today by senior officials of the Foreign Ministry.

By Charles Smith

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TOKYO, July 9.

## Neutral S-E Asia plan will be submitted to great powers

BY KEVIN RAFFERTY

BANGKOK, July 9.

THE FIVE Governments on the Association of South East Asian Nations (ASEAN) are putting forward a plan to the great powers to plan they will jointly present to the Communist neighbours and Burma and to the great powers to try to bring about a neutralised South East Asian zone.

Officials of the five countries—Indonesia, Malaysia, the Philippines, Singapore and Thailand—told me that they hoped the document would be ready at the latest by the end of the year.

One major question remains outstanding before the ASEAN Ministers reach agreement. Indonesia is believed to object to the inclusion of a clause referring to the possibility of intervention and seeking a guarantee against it. Indonesia would regard such a reference as a slur on its independence. It argues that its independence was hard fought for and does not depend on any guarantees.

In the end, the ASEAN bloc will probably seek an informal but public promise from the great powers that they would respect a neutral South East Asia. Such a promise could be made for example at the UN or at the European Security Conference.

Once the Governments of ASEAN have agreed on their draft blueprint they will present it for comment to their neighbours—Burma, Cambodia, Laos and North and South Vietnam. If they get a positive reaction and a willingness to discuss the proposal, talks might open before the end of 1976.

If all 10 nations of South East Asia can agree on a plan to neutralise the area they will refuse to make any military pacts with the great powers or economic agreements with military overtones. They will also pledge not to intervene in each others internal affairs.

The idea of neutralising South East Asia was first seriously put forward by Malaysia as long ago as the late 1960s. At that time it was widely scorned as an impossible idea. Even when the ASEAN group gave its backing to the scheme, several of the members of the group, notably Singapore, looked upon it as unworkable.

However, the end of the Vietnam war and the fears of some of the remaining non-Communist nations in the area that they might be let down by the U.S. has given a new edge and impetus to the discussions.

At last round of Foreign Ministers' meetings six weeks ago, Singapore and the Philippines were the leaders in urging swifter action to get the blueprint ready.

Proponents of the plan for a neutralised South East Asia argue that it would have advantages for the Communist countries of the area as well as offering protection for the non-Communist ones. It would prevent all the countries of the area from becoming prey to the struggle between China and the Soviet Union, and also keep the U.S. out. At the same time, all countries would be free to make economic pacts and to practise whatever internal regime they wanted.

Only China of the great powers has so far given its backing for a neutralised South East Asia. The Soviet Union has always countered any such suggestions with its own idea for an Asian security system, but this has been rejected by the ASEAN group as too obviously a scheme to contain China.

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## U.S. pledge 'needed for Sinai pact'

By L. Daniel

TEL AVIV, July 9.

LATEST information received here from the U.S. indicates that a new Israel-Egypt agreement is far from being "in the bag" — BBC reports notwithstanding. Thus the usually extremely well informed Washington correspondent of Maariv, S. Sger, pointed out today that not only is Egypt so far unwilling to give certain undertakings which Israel is asking for, but the U.S., too, refuses to enter into certain obligations which the Israel government apparently considers essential.

One of them, according to the correspondent, is an American undertaking to withdraw from the U.N. if Israel is expelled. Washington will only go as far as to undertake to give certain undertakings which Israel is asking for, but the U.S., too, refuses to enter into certain obligations which the Israel government apparently considers essential.

Another stumbling block is the alleged refusal of the U.S. Administration to commit itself on paper to a definite course of conduct "if the Arabs exert pressure" (presumably the reference is to a renewed use or threat of using the oil weapon) regarding the negotiations with Syria and possible recommitment of the Palestine Liberation Organisation (PLO).

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## 'Too early for a deal'—Rabin

WEST BERLIN, July 9.

ISRAELI Prime Minister Yitzhak Rabin said today it was too early to say if a further interim peace agreement with Egypt would be achieved. He told a Press conference during his 20-hour visit here that unless both sides in the Middle East conflict made compromises, "I doubt whether such an agreement will be achieved."

The Prime Minister, who is due to meet U.S. Secretary of State Henry Kissinger in Bonn on Saturday, said many problems blocking an agreement had been settled. But key issues remained which had to be clarified "to the last point," he said.

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BY JANE BERGEROL

BY RUPERT CORNWELL

ISBON, July 9.

PARIS, July 9.

**By Rupert Cornwell**

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BY WILLIAM DULFORCE, SCANDINAVIA CORRESPONDENT

**By Anthony Robinson**

ement with Brussels.



# Sun Alliance to raise private motor premiums on August 1

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## LABOUR NEWS

## Furnacemen back call for an improved pay offer

BY JOHN WYLES, LABOUR REPORTER

BLASTFURNACEMEN'S leaders yesterday backed demands for an improved pay offer with a threat to take strike action which would rapidly halt most of the British Steel Corporation's production.

Delegates to the National Union of Blastfurnacemen's conference in Scarborough unanimously endorsed their negotiators' rejection of a BSC 14 per cent "new money" pay offer, which is broadly in line with settlements with the industry's other main unions.

The NUB will now seek further negotiations and if these end in deadlock union negotiators are instructed by yesterday's conference decision to give a fortnight's notice of strike action by the 13,500 BSC blastfurnacemen. This lurch into militancy by the NUB, which last staged a

national strike in 1971, was against the advice of the union's general secretary, Mr. Hector Smith. He was warned that if the strike did go ahead it would have rapid effects on the car and gas industries.

But steel stockholders confirmed yesterday that current stocks were high because of the recession in demand which has seen BSC output drop to around the 300,000 tons a week mark this year, only 60 per cent of total capacity.

The offer, which has been rejected by the blastfurnacemen, but accepted by most other steel unions, provides for 14 per cent increases with a cost-of-living element to be followed by an "adjustment" payable in October and a further "adjustment" to be negotiated which would be paid from next January.

Despite this indication that any fresh rises after seven months would only be cost of living adjustments, the other steel unions have been happy to regard the agreement as leaving only seven months, leaving them the freedom to negotiate whatever they can at the end of the year.

But Mr. Smith claimed yesterday that his offer was worth 14 per cent for 18 months and this was not acceptable. He indicated that the pay rise must be raised to 18 per cent as part of a deal which clearly expires after seven months and leaves the door open for a full pay review at the end of the year.

## Seamen go astern on pay and accept 37.3% award

FEARS of impending Government pay cuts coupled with pressure from many of their members yesterday persuaded seamen's union leaders to reverse their decision to reject a 37.3 per cent arbitration pay award.

This about-face by the executive of the National Union of Seamen means that a strike ballot called last week will not take place and removes the threat of confrontation with the Government's anti-inflation policy.

Responding to the fast-developing TUC and Government anti-inflation moves, NUS leaders met the General Council of British Shipping employers within two

hours of the union decision to ratify an agreement based on the award which will be backdated to July 2 and will cost £33m.

Apart from being a substantial victory for moderates yesterday's decision was also a personal success for Mr. Jim Slater, the union's general secretary, who was, ironically, one of the "tightly knit group of politically motivated men" named by the Prime Minister during the 1966 seamen's strike.

During yesterday's 41-hour meeting Mr. Slater again argued in favour of acceptance of the arbitration award and turned a 10-8 majority registered against the award at last week's

executive into an 11-7 vote for acceptance. Factors in swinging the executive were the possibility that a continuing wrangle over pay might become caught up in a new anti-inflation pay policy and the overwhelming demonstration of support for the award over the last week as seamen's meetings all over the country.

Left-wingers argued that if Government policy was the central issue then the NUS might just as well confront it this year as next. They also pointed out that a 9.7 per cent increase in basic rates worth £4.50 a week, promised under the award for next January could well be affected by any Government application of the 26 flat rate increase proposals.

The pay rises for the 40,000 seamen were recommended by an arbitration tribunal organised by the Advisory Conciliation and Arbitration Service. They will boost average earnings of a foreign going seaman from £59.25 a week to £71.44 immediately and to £77.68 next January 1.

In each category the most recent annual pay agreement included a clause allowing for a pay review in the event of an excessive rise in the cost of living.

As a result, the nurses asked for an 8.3 per cent interim award and the hospital ancillary workers for 15.1 per cent. No percentage was mentioned by the local government workers. All three groups were told that the employers' hands were tied by Government policies.

None of the major unions involved is considering a threat for industrial action, although a spokesman for the Confederation of Health Service Employees, who accused the Government of "dishonesty".

"To prohibit negotiations even before the White Paper has been published," he said.

## Lucas white-collar wage settlement in sight

BY CHRISTIAN TYLER, LABOUR STAFF

A WAGE SETTLEMENT is in sight for 8,000 white-collar workers at Joseph Lucas—only six days after their claim for "substantial rises was lodged.

Agreement is expected to be reached today between the company and negotiators of the Association of Professional, Executive, Clerical and Computer Staffs (APEX).

The speed of the Lucas negotiations is entirely due to the intransigence of the Government's White Paper on pay and prices, expected within the next few days.

Lucas yesterday offered its staff "new money" rises worth between 17 and 21 per cent, on basic rates ranging from £50 to £30 a week.

But since these rates were set, threshold payments (running on after the Conservatives' Stage Three) have added just over £5 a week.

Total rises over the year are thus potentially worth as much as 35.5 per cent for the lowest paid, and about 25 per cent for the highest.

It was also agreed yesterday to set up a working party on employee-participation to discuss proposals put forward by APEX. Mr. Ray Edwards, assistant general secretary, said yesterday the company hoped other unions

in the group would join in. "The sight for 8,000 white-collar company staff had no intention of waiting for legislation to force it to liberalise communications and involvement of employees."

BL warning of steps against pay strikers

BRITISH LEYLAND warned yesterday that it would take severe steps unless a month-long pay strike at a components subsidiary ended soon. But it said pay negotiations could begin how for October settlement.

The strike, at Alford and Alder in Home Bampton, Herts., has halted production of all Triumph, Jaguar, MG, Midget and 18/22 cars, with 11,000 workers laid off.

The company said the 800 engineering workers at the components plant were in breach of a company-wide agreement that there should be no industrial action over pay before wage

agreements expired. "Alvis, the lighting vehicle and aero-engine manufacturer, sent home its 1,200 workers yesterday and said the factory would stay open until 800 workers ceased their 'disruptive action'."

ONE of the "Shrewsbury Two" building pickets, Eric Tomlinson, 34, is to be released on parole from Leicester Jail in two weeks.

Mr. Roy Jenkins, the Home Secretary, has accepted the recommendation of the Parole Board, which conducted a special review at Mr. Tomlinson's request following repeated representations by two Birmingham newspapers which have dismissed all their National Union of Journalists staff in a pay dispute.

The 250 journalists employed by the Birmingham Post Evening Mail and Sunday Mercury were dismissed after they refused to call off disruptive action in support of a pay and conditions strike.

The dispute has been declared official by the NUS.

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## NEWS ANALYSIS — TUC £6-A-WEEK PAY PLAN

## Approval after a rough ride

BY JOHN ELLIOTT, LABOUR EDITOR

ALL THE tensions involved in 38 men trying to represent the political and industrial views of unions covering some 10m. trade unionists came to the fore at yesterday's TUC general council meeting on the TUC's new social contract document.

As the 33 union leaders on the council assembled yesterday morning in the TUC's London headquarters, along with Mr. Len Murray, TUC general secretary and his backroom staff who had worked till late the previous night analysing the document, it was clear that the new policy was in for a rough ride.

Eventually the document was approved by only 19 votes to 13 with an uneasy alliance of an elder statesman, a moderate, a Communist, other left-wingers, together with leaders of poorly paid public sector workers and staff earning up to £12,000 or more a year, combining to produce the sizeable and damaging minority.

First Mr. Murray spoke and explained how the guiding principles agreed last month by the TUC general council for a new version of the social contract embracing a flat pay rate fixed below the current rate of price increases had been turned into the new package. The catalyst had been the sharp fall in foreign confidence and pressure on sterling which had led Mr. Denis Healey, Chancellor of the Exchequer, to launch a 10 per cent inflation target last week.

Mr. Murray entered deter-

minely into the contentious detail of defending the fact that the £6 flat rate would hurt wage differentials, of explaining the psychological impact of a £7,000 cut-off figure, and of detailing the negotiations with the Government on how existing deals with wage rises due for 4m. workers should be curbed, as well as explaining how a formula had been reached on incremental rises.

He was supported by Lord Brighshaw, the former printing workers' leader, who spoke passionately about helping the Labour Government. Then came more support from Mr. George Smith of the Construction Trades, who was later to move the adoption of the policy. Backed by his construction colleague, Mr. Glyn Lloyd, he struck out on the moderate line without being impeded too much by his own wage problems which should not be unduly hampered by the £6 target.

Then came support from Mr. Jack Jones of the Transport Workers, the architect of the plan and the man whom many craft and white-collar union leaders believe has foisted his flat rate plan on the TUC with the long term aim of upsetting differentials to the advantage of his general workers. Later he was to be backed by his "number two" Mr. Harry Urwin, who delivered what was later described as the most effective speech of the evening. The Socialist policies being pursued by the Government and how this had to be sustained.

He received little support, a fate which broadly also befell Mr. Hugh Scanlon of the Engineers who delivered his now well-known policy line of opposition to the social contract and any wage restraint.

These men and others thinking like them could have missed perhaps eight or nine votes against the plan (the fact Mr. Scanlon had to leave before the vote which otherwise would have been figures such as Mr. Clive Jenkins of ASTMS, Employees, about the fact that the package did not guarantee that there would be no public bearing on relevance to the essential problems of industrial structural change, together with Mr. Alan Sapper of the Television Technicians and Mr. Ray Buckton of ASLEF, the locomotive union.

Mr. Buckton objected both to the principle of the TUC trying to curb "free collective bargaining" and to the fact that the package would have to come out of the

needs such as extra help for the disabled, a generous level of child benefits, and educational priorities such as nursery school provision, day release and adult education. These are all important parts of the social wage is pensions. Already the Government have announced a £2.70 increase for a married couple. The general council will be looking for subsequent early level of pensions in relation to average earnings which should have a direct percentage relationship. Defence cuts have already been announced which will help allow increases in the social wage within total public expenditure, but more should be done in this connection, while bearing in mind the employment implications.

Implementation

"It is not sufficient," the trade union movement at Congress to give formal endorsement to a report of this kind. Just as important as the formula itself is winning its acceptance by members of the social contract is something which concerns the Government and concerns the TUC but does not concern the union movement itself. There is therefore still a major job for everyone to do in ensuring that this understanding is disseminated to the 10m. trade unionists.

Ultimately, the narrow wage and social wage will only be seen in their proper context in the future. The degree of trade union membership if they too have comprehended what it is that the trade union movement is endeavouring to achieve. There must be a far greater degree of association in the future between the unionists themselves and the Congress position. There has to be an identification and a commitment to the action to follow.

Many trade union leaders themselves may unwittingly give the impression that the social contract is something which concerns the Government and concerns the TUC but does not concern the union movement itself. There can be no failure of the social contract if the unionists themselves, and by all members of the Government as well. The social contract will succeed provided that union members feel this "social wage" is an identification and association. Without the understanding, support, commitment and action of the part of trade union members, the TUC cannot succeed.

"Unions should not accept acceptance and involvement at all stages via the normal processes of policy formulation—branch discussions, conference debates and pre-negotiation meetings. It is intended that this policy statement on the development of the social contract should be given the fullest possible circulation to, and discussion within, trade unions down to branch level. It is intended that prior to full discussion at the September Congress, Union policies on collective bargaining should be formulated in the light of this statement and of branch discussions on it."

There is need for monitoring the employment situation and the general council will be looking to the Government to take appropriate action, as and when necessary, in the coming year to ensure that the aim is met. A reduction in the rate of inflation will greatly strengthen the Government's ability to take direct action through public expenditure. The level of employment and unemployment should be monitored by the TUC and Government.

This would "entail a higher target for economic growth—the region of 3 per cent—as it is likely that productivity will be rising at this rate. The Chancellor should therefore be prepared to take selective measures by the autumn to meet this growth target, says the TUC."

As part of the pay, prices and employment policy, the general council will be looking to the Government to take appropriate action, as and when necessary, in the coming year to ensure that the aim is met. A reduction in the rate of inflation will greatly strengthen the Government's ability to take direct action through public expenditure. The level of employment and unemployment should be monitored by the TUC and Government.

One vital requisite for a successful price control policy is a public understanding of that policy and how it bears on everyday purchases. In particular, an intensified effort needs to be made at shop level, through the publication of price lists, unit prices and price range orders, which can all help the shopper.

Each week the prices of about 30 key grocery items, together with prices of some standards quantities of fresh foods should be collected by local government officials working in conjunction with local consumer groups and consumer advice centres should be expanded. The Department of Prices and Consumer Protec-

tion should ensure that adequate funds and manpower resources are available.

The Government should also consider whether the shops themselves should display comparative price information, says the TUC. In addition, every pub should publish price lists which would help to put a stop to overcharging. Unit pricing—that is compulsory labelling of goods with the price per unit of weight—also should be greatly extended in order to give the shopper a better idea of value for money.

The Government should also aim to ensure that maximum advantage is taken of seasonal falls in fresh food prices and a special restraint programme should be concentrated on the key family items.

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## How the TUC council sees 'the coming year'

BY OUR LABOUR EDITOR

THE TUC's £6 pay and prices package is set out in a document "The Coming Year," which was sent to Government Ministers yesterday after being approved by the 19-13 vote in the TUC general council.

After setting out recent events the document says: "Adopting a flat rate approach, fixing the pay limit at 10 per cent would give £6 a week to all full-time adults (aged 18 and above) up to a cut-off point with pro rata payments for part-timers and juveniles. A flat rate approach has the advantages of focusing increases on the low paid and preventing unduly large cash increases being obtained by the high paid. It is clear and simple, most emphasises the general council's view about the gravity of the economic and industrial situation and cuts through the confusion of separate provisions for particular groups which was comparability claims, had helped to weaken the previous policy. The general council therefore concludes that there should be a universal application of the figure of £6 per week. The TUC will oppose any settlement in excess of this figure."

"The general council fully appreciates the problems which may arise from interfering with differentials based on skill and responsibility, and emphasises that this is a temporary policy but forward for the coming year to arrest the inflationary process, prevent massive unemployment and enable the Labour Government to carry out its industrial programme. It is certainly not envisaged as a permanent policy for the coming year, but it is a necessary interim measure to enable the general council to negotiate with the Government."

"The policy will operate from the beginning of the next pay round, which is about August 1. Those who have settlement dates before then should settle within the existing guidelines. There should be no anticipation of the normal settlement date by other groups."

"Given problems arising from the fact of different pay structures, the general council agrees that a straight-forward supplement to earnings."

"This should be the total increase over the year however the earnings are determined. The policy will entail the temporary establishment of a system of pay determination based on traditional links in the private and public sector, and the suspension of comparability exercises. Already established movements and wage-for-are scales are payable provided that this does not raise the overall wage bill by more than 25 per head. The general council believes that it is considered necessary to agree legislation to relieve employers of contractual obligations, which would compel them to increase pay in the limits set out in this document. The necessary well below present rates in every case."

"The 12-month interval between major pay increases must continue to apply. This rule means that when a new settlement is negotiated thereafter, it should be on a flat rate basis of 25. Where current agreements provide payments in the 12-month period, any new agreement should ensure that only the balance between the amount paid and the £6 should be applicable in the period up to August 1, 1976."

"However, final steps towards the attainment of equal pay for women by the end of 1975, in line with the equal pay legislation and TUC policy objectives, will be in addition to the £6 figure."

"Negotiators will be expected to offset any improvements in non-wage benefits against the pay figure. In this period of high unemployment, negotiators should, of course, continue to give priority to improving job security."

"In the current situation there may be understandable pressure for continuing arrangements. To be effective these must take the form of a cut in actual hours worked per employee."

"They should not be used as a method of obtaining a disguised increase in incomes out of line with the pay limit. Negotiators should be urged to prioritise securing actual reductions in hours and to reducing normal hours to 40 in sectors where this has not been attained. The 35-hour week remains a longer term objective."

"There may be isolated instances of negotiators experiencing difficulties in applying or observing the pay limit, the existence of any such difficulty does not remove from negotiators and their executives the responsibility of doing all they can to ensure that the limit is observed. Where unions and employers both agree that there is a serious difficulty, they can make a joint submission to the TUC and the CBI, who will jointly examine the problem and determine whether this should be submitted to ACAS for arbitration."

"In this process of reducing the rate of inflation, the more progress can be made, the more the burden of helping the economy and should be prepared to take a cut in their current standards of consumption; those with incomes over £7,000 a year should forgo any increase in their incomes in the present economic difficulties. The Government should apply this principle in the public sector. Top pay review bodies will need to take this fully into account. And unions will be looking for a definite response from executives' companies' with whom they negotiate."

Prices

"The general council welcomed the fact that the Prices Secretary reduced the profit margins of retailers in the spring of 1974 and in her major autumn review of the price code resisted the demands from industrialists that the price code should be abolished. Nevertheless the general council are concerned that not enough is being done to ensure that the price code is subject to a confidence in the present system."

"As the rate of inflation is brought down substantially, real national income can begin to grow again, and living standards as a whole and employment can be maintained. For this reason the general council believe that a price target to be achieved by the middle of next year should be set. The aim should be that the Retail Price Index by the end of 1976 will be less than 10 per cent above the level a year earlier. This will mean that from this September onwards the figures for the RPI increase over the past year will gradually decline from the present level of 25 per cent to a figure of 10 per cent some time next year. This means that the monthly rate of increase in the RPI can be expected to fall over the period of the next year to less than 1 per cent a month."

"The achievement of this target will require action on a number of fronts. With the combination of a lower rate of wage increase and a favourable factors such as constant or falling import prices it is essential that lower cost increases are reflected in lower price increases by manufacturers and distributors. The Price Code involves not only the control of prices but the control of profit margins."

"As the economy expands to meet the expected increase in trade and turnover, it is essential that the Price Code does not operate in such a way as to cause a big increase in absolute profits."

"In order to encourage compliance by employers with the policy the general council would support an amendment to the Price Code which will disallow wage increases above the pay limit being passed in price increases. In effect the productivity deduction should be increased from 20 per cent to 100 per cent for all increases above the pay limit."

"In order not to penalise of Prices and Consumer Protec-

tion should ensure that adequate funds and manpower resources are available.

The Government should also consider whether the shops themselves should display comparative price information, says the TUC. In addition, every pub should publish price lists which would help to put a stop to overcharging. Unit pricing—that is compulsory labelling of goods with the price per unit of weight—also should be greatly extended in order to give the shopper a better idea of value for money.

The Government should also aim to ensure that maximum advantage is taken of seasonal falls in fresh food prices and a special restraint programme should be concentrated on the key family items.

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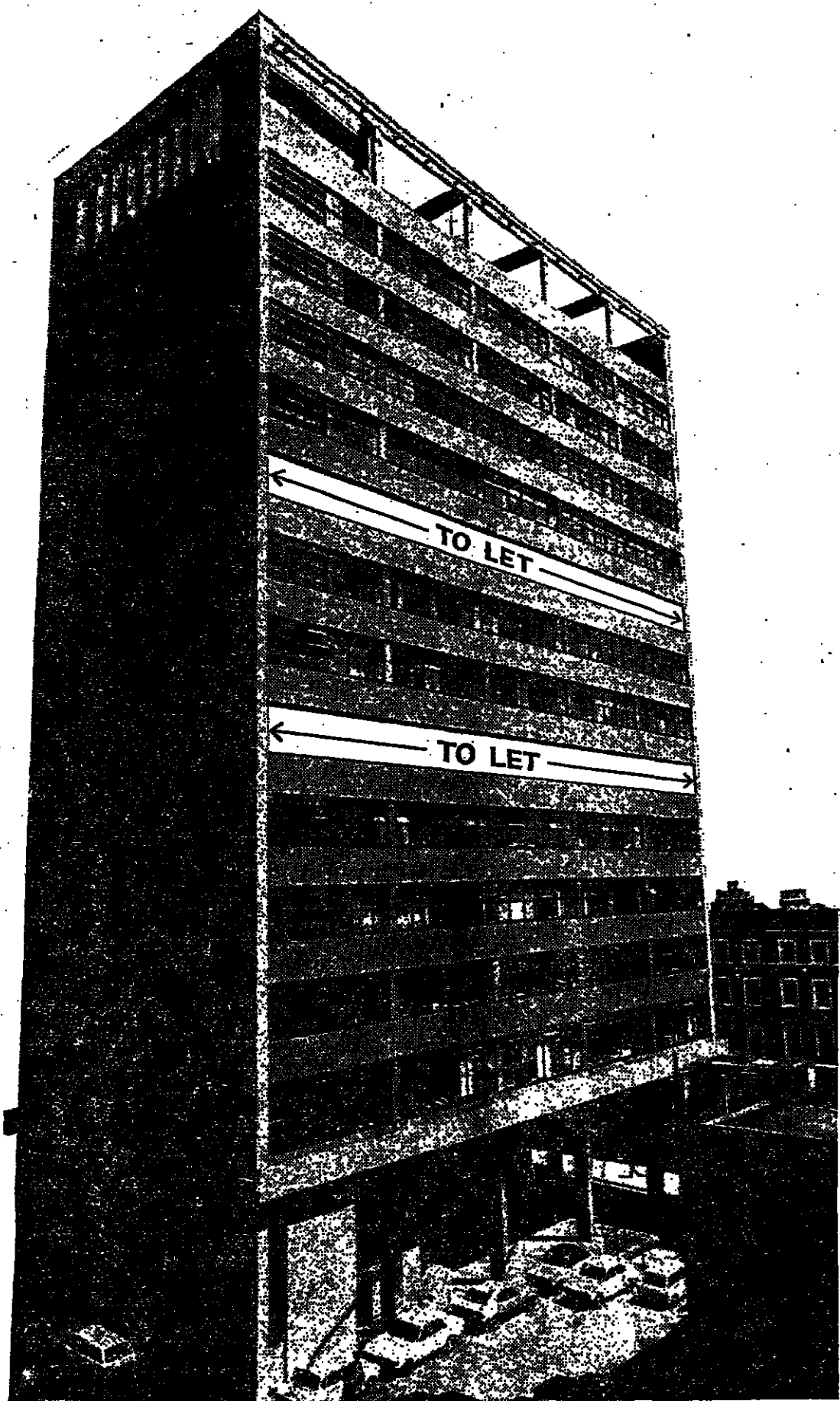
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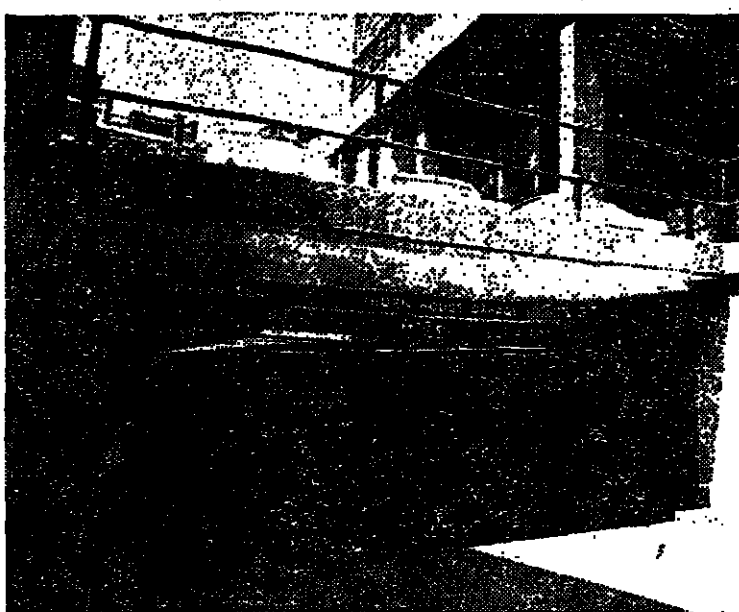
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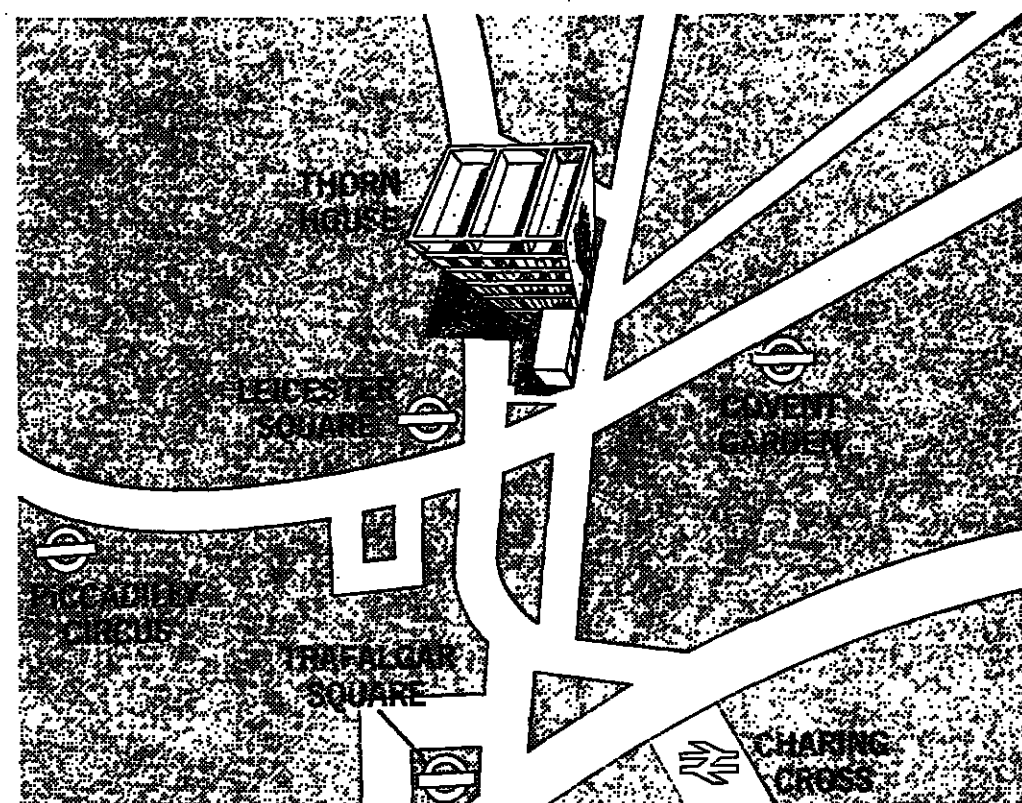
# For £8, you should expect more than a square foot of empty space.



You can expect the space to come in a nice, smart box.  
Thorn House, Upper St. Martin's Lane, London WC2.

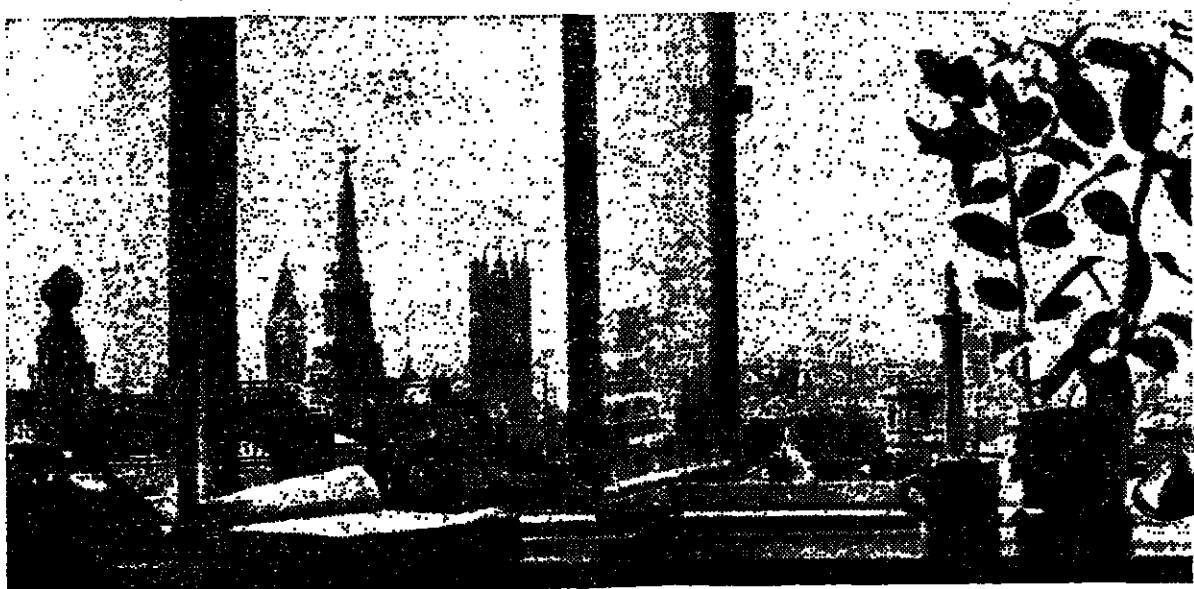


You can expect a directors' car park below and a National Car Park opposite.



You can expect your staff to be in on time,  
(all tube lines 3 minutes away).

You can expect a round-the-clock security service  
and 24-hour access.



You can expect a fantastic view with every room.



You can expect cultured neighbours... or vice versa.



You can expect London's largest selection of restaurants.  
Serving everything from an expensive steak to a cheap skate.

Think of the advantages of renting in Thorn House.  
Your visitors drive straight into a parking space.  
Your staff come in five handy tubes.  
And the offices you'd all be working in are worth arriving at as well.  
Once inside, you get a dignified reception. A smart commissionaire.  
Four silent lifts. (They're very fast so the silence doesn't become embarrassing.)  
And when you get out, two floors of luxurious empty space. (You can rent either or both at £40,000 a floor, with immediate vacant possession.)  
In all, there's about 9,800 square feet.  
Including a vast board room, two smaller conference rooms, a mini cinema, a couple of kitchens and the usual conveniences which—being on every floor—are more convenient than usual.  
Richard Posner at Herring Daw, estate agents, will furnish you with details of fixtures and fittings—which can be had at an agreed price. And he'll gladly get someone to show you around the 5th and 8th floors of Thorn House.  
Once there, you'll get the feeling everything else in London is below you.

**Herring Daw**

28 Sackville Street, London W1X 2QL. Tel: 01-734 8155





## MPs at 18 Bill gains first reading

A BILL that would permit teenagers to be elected as Members of Parliament was given an unopposed first reading in the Commons yesterday.

The Bill, which reduces the age at which it is possible to be elected as an MP from 21 to 18, was introduced by Mr. Greville Janner (Lab., Leicester W.).

Explaining that his Bill amended an Act that was 30 years old, Mr. Janner said that 18 year olds now had nearly all the rights and responsibilities of any other adult.

They could make contracts, engage in business, be called up for military service and fight and be killed. They could vote and sit on juries but they could not stand for election to the House.

It was totally illogical and wrong for an 18-year-old to be unable to serve in the House. Although the present age limit was 21, there were few MPs under the age of 30 and none under the age of 25.

## New weapons give Navy 'formidable capability'

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

NEW EQUIPMENT programmes for the Navy will give high priority to anti-submarine warfare systems, in particular the nuclear-powered submarine, Mr. Frank Judd, Under-Secretary for the Navy, told the Commons last night.

Rejecting Opposition accusations that the Government's proposed defence cuts would leave the Navy unable to protect Britain's vital sea lanes, Mr. Judd assured the House that the plans now underway would give the Navy a formidable new capability.

As well as going ahead with the anti-submarine cruiser programme, it was intended to counter the Soviet missile threat by continuing the programme of new destroyers and frigates.

Orders had also been placed for the first dual role hunter/sweeper mine countermeasures vessel. Also in prospect, said the Minister, were new missiles and other weapons systems.

In addition, a study had been undertaken to see whether hydrofoils and hovercraft should have a place in the Navy's defence plans.

Mr. Judd said that Navy redundancies following the Government's proposed defence cuts were expected to be even smaller than originally predicted.

### Manpower

By cutting back on entries and reducing extensions of service, the current forecast was that it would not be necessary to make any junior officers of U.K. ratings redundant.

A small redundancy programme would be necessary for senior officers, probably involving less than 50 Commanders or above, and voluntary redundancies would be sought wherever possible.

Mr. Judd, who said there had been a thorough analysis of manpower requirements until 1979, said it was expected that senior officers would be made redundant by the end of 1977.

On the Navy's role generally, the Minister said this must be assessed against the increase in Soviet maritime strength. The Navy could make a most significant contribution to the Eastern Atlantic, the Channel, the North Sea and other home

## Beswick sees chance for U.K. trade growth

BY JOHN HUNT

A FORECAST that a rapid expansion in world trade will soon be under way was made in the Lords yesterday by Lord Beswick, Minister of State for Industry.

He was speaking in a debate initiated by the Earl of Limerick, president of the Association of British Chambers of Commerce, to call attention to the vital need for sustaining and improving Britain's export performance.

Lord Beswick said that in the first four months of 1975, our current account deficit was just over £400m—less than one-quarter of the total for the same months of 1974. This was a substantial achievement but we could not afford complacency about the future.

"In the period ahead the growth of our exports will turn critically on the recovery in world trade," he added. "Given the scale of the recessionary measures taken in the United States, recovery there should shortly be under way. The expansionary measures taken in West Germany, France and Japan should also help."

### Rapid

"There is reason to expect that the growth in world trade, in our view, begin to be rapid after about the turn of the year."

There was no doubt about the growth potential of the Western countries. But the Government expected that the imports of the oil producing countries would remain the fastest growth



LORD BESWICK  
"Time for selective investment."

area in world trade for some years to come.

He saw a particular need for Britain to adjust further to the substantial shift in the pattern of world trade but this must not involve a lessening of effort in our major traditional markets, including the EEC.

Lord Beswick agreed that inflation was the single biggest problem facing us. It undermined business confidence, affected investment and damaged overseas competitiveness. Our overseas customers had no wish

to import inflation and generally they could remedy that by buying from alternative sources. Escalating insurance schemes limited but did not offset inflation. They were merely palliatives.

Even if it were desirable, a continued deterioration in sterling was not a satisfactory answer. It created uncertainty and increased the cost of essential imports.

If we were to exploit the trade recovery, we must ensure that the necessary physical capacity was available to deliver the goods quickly. Now was the time to make selective investment if future opportunities were to be used to the full.

### Profits

Lord Limerick warned the House that "unless we can rapidly control our rate of inflation we will cease in many overseas markets to be price-competitive. Our sales will go to ever-growing foreign competitors and markets once lost are never easily regained."

He emphasised that Britain badly needed long-term strategic investment in its export industries. Manufacturers would be reluctant to invest if they had a reasonable level of profits. But the expectation of profit had taken some substantial knocks in recent months.

"For a healthy export industry it is essential that the private sector should be able to achieve a satisfactory return on invested capital," he declared.

## Worker directors legislation in 1976-77

THE GOVERNMENT intends to introduce legislation on industrial democracy in the 1976-77 session of Parliament, Mr. Albert Booth, Minister of State, Employment, said yesterday.

Mr. Booth made his announcement in the Commons Standing Committee on the Industrial Democracy Bill, a private measure sponsored by a dozen Labour MPs, which provides for trade union representation on the supervisory boards of companies.

The announcement came after one of the sponsors of the Bill, Mr. Giles Radice (Cheshire-Street), had moved that the committee, which has been meeting every Wednesday morning for some weeks, should sit on Wednesday afternoons as well.

Mr. Booth opposed the motion, which was later lost. On legislation the Minister said: "I am now in a position to inform the committee that it is the Government's firm intention to introduce legislation on industrial democracy in the 1976-77 session of Parliament."

"There will be a further statement on this before the House rises for the summer recess."

The committee adjourned until next Wednesday after Mr. Radice had told MPs that he and the other sponsors wished to consider what further action to take on the Bill in the light of the Government's "important" statement.

## Scottish grant-aid schools warned on subsidy loss

GRANT-AIDED schools in Scotland which decide not to join the public system will have their grants phased out over a six-year period, beginning in 1978-79, Mr. Robert Hughes, told the Commons yesterday.

He told Mr. Alex Fletcher (C., Edinburgh N.) that discussions between the schools and education authorities were now in hand. The schools would shortly be asked to state their intentions for the future.

For those schools which decided not to join the public sector, the six-year phasing out of grant should give protection to existing pupils at least until they had completed their primary or secondary courses.

Mr. Hughes added that it would be open to the managers of grant-aided schools to use the grant to alleviate any serious financial hardship.

Mr. Fletcher said that many parents were deeply concerned about the shortage of school places for their children under reorganisation. He asked why schools were being closed as a

direct result of Government policy at a time of serious financial stringency.

Mr. Hughes replied that at times of financial stress there was no justification for continuing a system of selective education subsidised by the State. Discussions were going on at local level on how many children would come into the public sector and what resources would be needed.

Mr. Edward Taylor (C., Cathcart) said that Mr. Hughes's announcement would cause enormous hardship to parents because inflation was eroding the value of the grants. Transferring large numbers of children to the public sector would disrupt the children's lives and put a further burden on ratepayers.

Mr. Hughes replied: "You are always very quick to leap to the defence of people who expect educational privilege at public expense." The Government believed its proposals would work and there was no reason why there should be financial hardship.

### MP seeks inquiry into complaints against police

A CALL for a public inquiry into allegations of police misconduct at a National Front meeting in Glasgow on May 24 was rejected by the Scottish Under-Secretary, Mr. Harry Ewing, in the Commons yesterday.

He told Mr. Dennis Canavan (Lab., Strathclyde W.) that he had carefully studied the report on the incident from the Chief Constable of Strathclyde.

The investigation of the complaints was a matter for the Chief Constable, subject to reference to the Procurator Fiscal in cases involving criminal charges.

Mr. Canavan accepted that on most occasions, the police would be "dealt with in the courts and in the full view of public opinion."

There is to a certain extent an independent element in the investigation. In any prosecution which arises, the Procurator Fiscal is the deciding factor," he added.

### MP urges Scots rape law advice for English

THE ENGLISH seemed to be dealing with the "comparatively simple crime of rape," Mr. Nicholas Fairbairn (C., Kinross and W. Perthshire) said in the Commons yesterday.

He suggested that the Scottish Lord Advocate, Mr. Ronald King, might find time to give some advice to his English equivalent, the Attorney-General.

Mr. Fairbairn said that Mr. Sam Silkin, then Scottish Lord Advocate, had been spared, forcibly and against her will. It having to pay for "absurd inquiries in front of Mrs. Justice Heilbron."

It had been recently announced that Mrs. Justice Rose Heilbron would head an investigation into rape law.

## Banner dispute halts Grundig Ulster plant

BY NICHOLAS COLCHESTER

BONN July 9.

THE GRUNDIG cassette recorder that the company should have factory closed for the annual works at Dummur in Northern Ireland has been shut down for two days because of a dispute between Protestants and Catholics inside the works. This stoppage is increasing the German parent company's disillusionment with its Ulster subsidiary, whose general manager was kidnapped 18 months ago and which has failed to make a profit over the past two years.

A Grundig spokesman at the company's head office in Fuenf explained that the men apparently affiliated to the Protestant Vanguard Group had raised a banner inside the works. When the works council decided that it had no authority to order the removal of the banner, Catholic dis-

sentation led to a works shutdown. The dispute had yet to be resolved, he added.

The spokesman denied Press reports that Grundig was considering pulling out of Ulster, reached. Workers at the factory have apparently agreed to take the flags down before the

factory closes for the annual holidays to-morrow.

Mr. Stanley Orme, Minister of State at the Northern Ireland Office, referred to the dispute during the debate on the Ulster economy at the first meeting of the Northern Ireland Committee at Westminster to-day.

He said he hoped a speedy settlement would be arrived at. "If a result is not arrived at, it could have serious consequences for employment in Northern Ireland."

In spite of the disappearance of Mr. Niedermayer, it is the first time in 18 years that there has been political trouble at the plant itself.

But the affair has left a nasty taste with allegations by the deputy leader of the Vanguard Party, Mr. Ernest Baird, that the Department of Manpower Services was pressurising the Catholic and Protestant workers into recruiting more Catholics than Protestants. This is denied by the Department.

### Formula

Grundig's first big problem with its Ulster venture came in December 1973, when the works council decided that it had no authority to order the removal of the banner.

Mr. Thomas Niedermayer was kidnapped. He was never seen again. The Vanguard Party, Mr. Ernest Baird, that the Department of Manpower Services was pressurising the Catholic and Protestant workers into recruiting more Catholics than Protestants. This is denied by the Department.

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## Concorde switches Bahrain flight at Lebanon request

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CONCORDE NO. 4, continuing its departure being due to difficulties with the towbar ground equipment. On Tuesday an engine shutdown was due solely to a faulty warning light, and not to trouble with the engine itself. The delay was attributable to engineers' caution rather than snags.

This followed Concorde's supersonic overflight of the Lebanon on Monday, and was aimed at shifting Concorde's track away from the built-up area of Beirut. The request arrived too late for yesterday's flight, but will be built into the next Bahrain flight on Friday.

The aircraft made a 3½ hours Atlantic sortie instead yesterday. It was delayed for 45 minutes on departure because of additional checks on one engine, and not, as some reports suggested yesterday, because of an engine fault.

### Spotlight on snags

The overall impression from the limited endurance flying completed is that Concorde is performing extremely well technically, with much publicity given to "snags" exaggerated. The aircraft performed faultlessly on Monday, the delay on

departure being due to difficulties with the towbar ground equipment. On Tuesday an engine shutdown was due solely to a faulty warning light, and not to trouble with the engine itself. The delay was attributable to engineers' caution rather than snags.

The officials from British Airways and the Department of Industry remain relaxed about the situation. It is pointed out that endurance flying is intended to bring to light problems so that they can be corrected.

This applies as much to political problems over route rights as to technical problems with the aircraft. The objective of the 440-hour endurance flying is to turn a "manufacturer's aeroplane" into an "airline passenger aeroplane."

It includes testing reactions of people on the ground to such problems as noise, so that if necessary, variations in take-off procedures can be evolved to minimise it. The volume of noise complaints about Concorde over the past few days has been much lower than expected—about 200 proofing flights were served meals although there have been strong objections from some in-class meals.

Passengers on Concorde and other British Airways flights were delayed yesterday after a dispute by the airline's catering staff, who demand more money for serving Concorde and other wide-bodied jets, including the DC-10. Passengers on Concorde's proofing flights were served meals although there have been strong objections from some in-class meals.

### Noise measured

Formal measurements of Concorde's noise have been made by the Department of Trade monitoring devices, and until these readings are published it is not possible to say if Concorde has proved worse than expected, or violated any regulations.

The DoT does not intend to publish its figures until the end of the endurance flying programme. Because of wide variations in weather and temperature patterns, and different routes, only by taking the readings over several weeks will an accurate picture of noise emerge.

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## Which? calls for world review of diarrhoea medicine marketing

BY RAY DAFTER

THE CONSUMERS' Association has called on national health and drug authorities throughout the world to review the marketing of medicines adopted for ciproloquinol "diarrhoea" medicines.

The products, sold under a range of brand names in different countries, include Entero-Vioform and Entoson, both of which are freely available in the U.K.

The latest edition of the Consumers' Association's magazine Which? questions the safety of the medicines when taken in certain doses. "We think it is worrying, and possibly dangerous, that there is so much variation among ciproloquinol medicines throughout the world—in how easily they can be bought, how much they recommend you to take and for how long, and what warnings they give about taking them."

The report, based on work done by the sister Research Institute for Consumer Affairs on behalf of the International Organisation of Consumers' Unions, says it has been suggested by some medical authorities that the public should not exceed a daily dose of 750 mg (usually three tablets) or take it longer than two weeks.

Entero-Vioform, which is manufactured by Biorama Laboratories, which manufactures Entero-Vioform at Hoveham, Sussex, said the recommended dosage had been accepted by the Committee on Safety of Medicines. The dosage was modified some three and a half years ago.

### Treatment

It was recommended that for prevention, one tablet should be taken twice a day for up to five days. In the case of treatment for diarrhoea, twice that dosage should be taken for a maximum of three days.

The company, part of the Swiss Ciba-Geigy group, said that U.K. sales of Entero-Vioform totalled some £120,000 a year, appreciably less than 1 per cent of the U.K. turnover.

Entoson is manufactured by Boots and sold through its chain of stores. The company said yesterday that following the Committee on the Safety of Medicines review in 1973, it had recommended a dosage similar to those proposed in Which?

"We are not aware of any new evidence" which would justify further modification to package warnings," Dover comments. "Which?" points out that ciproloquinol tablets are already banned in Japan and the U.S. and are available on prescription only in a number of countries including France, some States of Australia, New Zealand, Italy

and the Netherlands. According to the magazine, only Hong Kong, Kenya, Malaysia, U.K. and Zambia allow the tablets to be freely sold in any sort of shop. Recommended maximum doses and length of treatment varied throughout the world.

The Consumers' Association recommends a seven-point list of instructions:

### Seven points

- 1—Do not take more than 750 mg a day; if diarrhoea persists for three days after the start of treatment, stop the treatment and see a doctor.

- 2—Do not take ciproloquinol for more than 14 days continuously. At the first sign of tingling or numbness of the skin, or funny vision, stop taking the tablets and see a doctor.

- 3—If you have kidney, liver or thyroid gland trouble, if you are allergic to iodine or if you are pregnant.

- 4—Do not give to infants less than one year old.

- 5—Do not take ciproloquinol more than 250 mg a day.

- 6—Do not use ciproloquinol without seeking medical advice if you are having medical treatment.

- 7—Do not give ciproloquinol to pets.

## Lack of cash 'hampering action over polluted beaches'

BY LORNE BARLING

BECAUSE OF lack of money there was little improvement in the past two or three years to beaches which are polluted by sewage, a Which? report suggests.

In following up an earlier investigation into the number of beaches which are affected through inadequate sewage treatment, the magazine names 95 places in England and Wales including popular holiday resorts which remain unsatisfactory.

On the East coast, those named include Scarborough and Hartlepool; and in the south and south-west Lyme Regis, Looe, and Penzance, St. Just, Tintagel and Lynmouth. In Wales, Porthcawl, Barry and Fishguard are among those named.

They were listed as being near outfalls discharging untreated sewage at or above the low water mark and the report added that since 1972 things had hardly improved.

"The majority of coastal outfalls are unsatisfactorily allowed to pollute our coastline," the report said.

Although Which? did not deal with some areas controlled by river authorities, it said that the worst of these were the Bristol Channel, Humber, Mersey, Severn, Morecambe Bay, Severn Estuary and the Solent.

### Unsatisfactory

It recommended that the water authorities and the Department of the Environment should by 1976 pinpoint the most seriously unsatisfactory sewage outfalls and that money should be spent at least on these.

By asking what changes had been made since its last investigation in 1972, the magazine established that out of 200 outfalls which were unsatisfactory or near their beaches during the then, only 18 now met two previous year.

### Alliance Alders

Paper and Packaging Ltd.

### 1975 Results

The following facts are taken from the preliminary announcement to Shareholders.

	Year ended 30.4.75	Year ended 30.4.74
External Sales	19,635,000	14,688,000
Trading Profit and other income	2,301,604	2,014,114
Profit before tax	2,151,604	1,754,114
Profit after tax at 52% and Minority Interests attributable to Ordinary Shareholders	939,771	783,010
Earnings per Share	3.85p.	3.19p.
Total dividend (maximum under Counter Inflation Programme)	1.15494p.	1.08740p.

Note:

Trading  
Despite recessionary trends in the second half year the Company's trade was well maintained at a satisfactory level, with record sales and profits for the year.

The Report and Accounts will be posted to Shareholders on 15th August, and copies can be obtained from the Secretary, Alliance Alders Paper and Packaging Limited, Lichfield Road, Tamworth, Staffs.





# The Technical Page

EDITED BY ARTHUR BERNETT AND TED SCHOETERS

## MATERIALS

### Study for a big steel rolling complex

STORA KOPPARBERG, the Swedish industrial group producing steel and forest products, and the State-owned Norrbottens Järnverk AB, have jointly decided to investigate the requirements for building a wide strip mill.

With the new steel works currently being built at Norrbottens, this company will have a new large capacity for steel ingots at the same time as Stora Kopparberg estimates a greater need for basic material for its manufacture of thin plate sheet in its Domnarvret steel works.

The strip mill would be on the Baltic at Gäddede with Norrbottens satisfying the need for steel ingots. The mill would have an initial annual capacity of 1.2 million tons with employment for approximately 500. The capacity could be doubled at a later stage. An increasing quantity of strip would receive further treatment at Domnarvret, where Stora Kopparberg commercial steel works. Among other things shearing and cold-rolling, galvanizing and plastic-coating are contemplated.

### Versatile synthetic rubber

SYNTHETIC rubber which will remain flexible and serviceable over a wide temperature range is now available in quantities from Firestone Tire and Rubber Company, Akron, O., U.S.

Called PNF, the phosphonitrilic fluoropolymer is claimed to be highly resistant to oils and solvents over the temperature

range, which is said to make it adaptable for automotive, aerospace, military, industrial and oil exploration applications.

The company is offering limited quantities as raw gum at \$100/lb, down to \$15 each for 6 x 6-in vulcanized sheet stock. The company expects the price to be considerably reduced when commercial production begins.

Also at Akron, the Goodyear Tire and Rubber Company, said that in collaboration with Oil Chemicals and Fertilizers, it will build a factory to reclaim scrap tires into oil, steel and carbon black.

Goodyear said the test facility at Rocky Flats, Colorado, will process about 15 tons of discarded tyres a day.

## POWER

### Heat sensor impervious to pressure

SLOT resistance thermometers are electric temperature sensors used to monitor the temperature of the windings in large electric motors or generators. The temperature-sensitive platinum measuring wire is insulated and is contained under no pressure in a long, narrow, and thin housing made of insulating material which is embedded directly in the winding inside the slot.

Use of these sensors makes it possible to load electric machines up to their upper thermal limit without having to maintain the wide safety margin between the actual operating temperature and the maximum possible operating temperature required for other monitoring processes, and thus to avoid having to take the resulting power loss into account.

Because of energy costs and the need for more efficient electric machines, for which the

quality of standard sensors available in the past was often not sufficient, the measuring techniques group in the technical products division of Degussa, Frankfurt am Main, has developed two new types of slot resistance thermometers which can meet the most demanding requirements.

Measurement accuracy of these new resistance thermometers does not change as a result of pressure or bending. They are designed for temperatures up to 180 deg. C as well as for very high dielectric strength. Type DNW-3180 resistance thermometer has a dielectric strength of 3 kV, and Type DNW-180 has a dielectric strength of 5 kV. The support bodies can be bent with a minimum radius of 100 mm and subjected to pressure loading up to 40 kg/cm<sup>2</sup> during operation.

Degussa has applied for patents on these slot resistance thermometers, which because of their mechanical loadability are also suitable for measuring temperatures on curved surfaces or inside stacks of products.

Degussa, D 6000 Frankfurt am Main 1, Postfach 2644, German Federal Republic.

## COMPONENTS

### Flat cable simple to connect

ADVANTAGES OF flat and woven cables have not hitherto been available to the user of standard D type subminiature rack or panel connectors, since conductors have had to be separated, stripped and individually terminated.

Such cables have thus not been widely employed in the obviously attractive area of harnesses for interconnecting terminals, modems and other communication and industrial electronic equipment, and for computer peripherals.

Innovation by 3M has opened up this area of flat cable application with its Scotchflex Deltas system. Connectors are compatible with the internationally standardised D series subminiature connectors and are combined with a unique flat cable featuring varying conductor spacing. This matches the contact pitches of both the Delta connectors and existing Scotchflex components.

Delta connectors incorporate the "U" contact, which pierces the insulation and grips the conductor to provide a permanent connection, terminating a complete cable on to the connector.

## SAFETY

### Standard for gas cookers

TAKING THE lead in European standards, BSI has published a new safety standard for gas cooking appliances. Since work within the European Committee for Standardisation (CEN) on this subject is still incomplete, BSI has decided to go ahead with a British Standard, BS 5258 "Safety of domestic gas appliances, Part 2: Cooking appliances," provides specification for the intervening period, until a European standard is finalised.

Parts to be published later will cover central heating boilers and circulators; drying cabinets; fanned-circulation ducted-air heaters; gas fires; refrigerators and food freezers.

It incorporates requirements for 2nd family gas (natural gas) appliances and includes relevant and revised requirements for 1st family gas (town gas) and for 3rd family gas (liquefied petroleum gas, other than butane and propane) appliances, previously given in BS 1250 and BS 2481. Some of the provisions are set deliberately high to make allowance for manufacturing tolerances and variations in the supply of fuel gases. The aim of the standard is that all appliances complying with it are safe in normal use.

BSI's safety mark will be suitable for manufacturers to use as proof of compliance with this new gas appliances standard. Copies of BS 5258 are available from BSI Sales Department, 101 Pentonville Road, London N1 9ND, price £3.50.

### Safe start on machines

A PNEUMATIC, two-hand start module, for use as a safety aid on hazardous machinery where an operator could accidentally leave one hand in a working area, is available from Austin Bech, Leighton Buzzard.

The module, which complies with the current regulations governing health and safety at work, has been developed for fitting as original equipment or as an accessory to existing machinery. It is particularly suitable for use with boring, drilling, cutting and forming equipment.

It requires almost instantaneous signals from two, widely-separated push buttons before it will provide an output signal to initiate the machine cycle. Both buttons must be released to reset the circuit.

The basis of the module is a shuttle, check valve, orifice check and three relay valves mounted on a 1 inch BSP ported manifold block. Relays and shuttle valves utilise Beech Pneumatics metal to metal, stainless steel spools and floating sleeves which are individually matched in pairs to exceptionally close tolerances. Absence of moving "O" rings and flexible seals in this design ensures that the unit will have a long and trouble-free life.

Austin Bech, POB10, Leighton Buzzard, MK23 2BT.

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## DATA PROCESSING

### Aids sales accounts and controls

FOLLOWING THE successful introduction some 18 months ago of the Gross electronic sales register the company has taken several steps further in collaboration with Wang Electronics.

Designed to look like and function as a conventional cash register the new system offers the user full computing facilities at low cost.

Alongside the cash register is a magnetic tape cassette data logger which automatically records all register transactions, including identifying the register in use, the item price and code. The cassette data is processed on a Wang 2200 desk top computer system, to provide whatever information is required for efficient stock management and control operations.

Details of transactions can be read into the system through a light pen (attached to the register) that reads bar coded labels. Gross produce a bar coded label machine, said to be at least 80 per cent cheaper than equivalent equipment.

So that no sales item information is lost the cash register will only function if the logger is operating correctly. Each cassette will record 7,000 transactions.

## INSTRUMENTS

### Detects hot metal on the move

SPECTRE-2, a new hot metal detector from Setpoint, is an updated and improved infra-red detector designed to detect the arrival and departure of hot materials for control and measurement in ferrous and non-ferrous rolling mills.

Once the device is pointed at

actions. When full it is automatically ejected.

The cash registers range in price from £750 for a simple version to £1,500 with all the peripherals, while the Wang 2200 minicomputer costs about £15,000. The two companies estimate that a small departmental store, or a chain of shops, using about 20 cash registers, could be fully equipped with the system for some £30,000.

Alternatively, a user with only the data logging registers could have the cassettes processed weekly or monthly by Gross at Brighton for an annual fee of about £10,000. The system is compatible with a number of main frame computers.

Because the system is so simple to operate, Gross are looking at applications outside the commercial cash register field. The company is considering installing an industrial version of the register in its own works (where almost all the system, except the computer, is made), to record the progress of components on the production line, again feeding the cassette data to a computer for stock control, etc.

Gross Cash Registers, 62 Baker Street, London, W.1.

### Telex at the desk

ALTHOUGH THERE are widespread facilities for voice transmission in business life, the written word remains more difficult since there is usually only one terminal—the telex room—in each company or location. Delay in messages reaching recipients is inevitable.

Now, Siemens has announced a telex branch exchange, System

102, which allows the setting up of an intra-company network serving up to 200 extensions.

It is essentially a store and forward switching system, but can also deal with normal circuit switching (like an ordinary "conventional" mode).

In the store and forward mode the extension user does not have to concern himself with the prospect of the line being engaged or with distribution of the message to a number of destinations. The system stores the text and instructions, makes connections and transmits without the intervention of an operator.

An editing function enables the user temporarily to store a rough draft, revise it (several times if needed) and transmit it only when desired.

In the circuit switching mode the 102 operates, so far as external telex subscribers are concerned, as a normal telex station and in a PABX-like fashion so that individual extension users can exchange information among themselves without restriction as well as with external subscribers.

Use of the extension telex-printer machines is made easier by the system acting as a guide for the user. Simple routing and addressing routines have to be followed but if they are not correctly formulated they are rejected with details of the error.

Based on the 102 is a freely programmable communications computer which controls the storage, editing and switching functions. System design will permit modifications or additions and Siemens states that the equipment will work with currently available teleprinters or with any likely forthcoming terminals for this purpose. More from Siemens (U.K.), Great West Road, Brentford (01-868 9133).

It is also suitable for use where any infra-red radiating material requires control from one process to another.

In Spectre-2 over 50 separate electrical components have been replaced by a single hybrid logic chip, and the output relay has been up-rated. An internal solid state infra-red source mounted in front of the triple photo-diodes can be switched on either manually or by computer to provide confirmation that Spectre-2 is operational. A small LED lamp mounted in the casing gives a visual indication when the detector sees hot metal.

Once the device is pointed at

Join up with the

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## ELECTRONICS

### Novel form of relay

INSENSITIVITY to position, complete absence of contact bounce, sealed contacts not subject to deterioration, and ease of assembly on circuit boards are the advantages provided by a design of small circuit relay introduced into the U.K. by Gunther Electronics, a subsidiary of W. Gunther of Nuremberg.

Designed by Dr. Robert Hermeyer, the relay is contained in a glass envelope measuring only 28 mm long by 4 mm diameter. The middle section of which is drawn out into a capillary into which a mercury filament is injected during manufacture. The larger diameter sections on each side of the capillary contain highly compressed inert gas, and one of them has a heater sealed in. The contacts to be operated take the form of metal insertions down the length of the capillary. The relay is actuated by applying ac or dc of about 2V to the heater, when the gas in the chamber expands, moving the mercury filament towards the non-heated end and giving bounce-free contact between the mercury wetted platinum electrode insertions. The contacts have a low and constant contact resistance over the entire life of the relay.

Contacts are available in forms A, B, C or D and 300mA can be switched at 6V, 10mA at 110V. Contact resistance is 300 m-ohms, even at very low voltages.

Weighing about one gram and silent in operation, the relays are well suited to direct mounting on boards. Main applications will be in high density packaging in sensitive circuits, radio frequency switching, microphone and mobile applications. The operating time is about 30 ms, release time 45 ms. Price is about £2 each. More from 7 Church Street, Wimborne, Dorset, (0202 887458).

## DGK's role of Central Bank to the German Cooperatives further extended to strengthen its position among Germany's leading commercial and investment banks

Consolidated total assets up 36% to approach DM 29 billion  
Loans up 40% to reach DM 12 billion

With a massive influx of funds and stepped-up lending to first-class addresses, Deutsche Genossenschaftskasse recorded an extraordinary increase in domestic and international business in 1974.

Deutsche Genossenschaftskasse, DGK for short, serves in a dual capacity. Firstly, it acts as central bank to West Germany's vast cooperative sector, which thrives on the very grass roots of the Country's business life and includes some 5,200 banks with around 19,400 offices and branches.

For these banks DGK is the liquidity manager, the lender of last resort, and the central services organisation. Combined total assets in excess of DM 188 billion reflect the financial muscle of Germany's cooperative banking system.

Secondly, DGK is a full service commercial and investment bank, with expertise in all fields from large scale investment to factoring, and from underwriting to stockbroking.

DGK's international activities continued to grow rapidly in 1974, with the main emphasis on loans to banks and other first-

class addresses, including foreign subsidiaries of German clients. The volume of international payments and documentary business also expanded substantially.

DGK's foreign business was reinforced by the activities of London & Continental Bankers Ltd., the London merchant bank founded in 1973 with DGK as the majority shareholder. As the first institutional link between Europe's central cooperative banks LCB has helped strengthen across-the-border relationships which further European-wide cooperative banking.

BHF Bank-DGK International in Luxembourg, a joint venture of Berliner Handels- und Bankbank and DGK, also contributed to a broadening of the base of DGK's international activities.

As the first months of 1975 have shown, the outlook for the near future is governed by a continued influx of funds to DGK from the cooperative banking sector. DGK is in a position to absorb these vast funds and to place them in the financial markets wherever they are needed, at home or abroad.

## Deutsche Genossenschaftskasse The Grass-Roots Bank of Germany

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## Arbuthnot Latham

Extracts from the statement by Mr A. R. C. Arbuthnot, Chairman of Arbuthnot Latham Holdings.

The past year has seen severe difficulties in all financial markets and your directors have followed a policy of prudence and consolidation. The profits of the group after tax and after transfer to inner reserves in the bank, but before extraordinary items in the non-banking group, totalled £998,000 compared with £712,000 the previous year. A final dividend of 4.91p per ordinary share is recommended, making a total of 7.61p, which is the maximum increase permitted under current legislation.

The profits reported by Arbuthnot Latham & Co., the banking group, show another increase to a total of £486,000 against £477,000. The balance sheet of the bank is very similar to that of the previous year. In domestic banking, where Mr. F. C. Saville has a major responsibility within the bank, there have been good results. The currency business also had a satisfactory year.

Shareholders will have read in the press of Mr. N. J. Robson's resignation from being Chairman of Arbuthnot Latham & Co. in order to devote more of his time to Grandlids Bank. However, we are all of us delighted that he will be able to continue to play an active part on the board of Arbuthnot Latham Holdings. We have been glad to welcome Mr. C. J. Pridemore, formerly Deputy Chairman, as the new Chairman of Arbuthnot Latham & Co.

Mr. J. Dick, a director both of the holding company and of the bank, has moved to Singapore as managing director of Chartered Merchant Bankers. Our interests in the Far East continue to show good progress.

A development of special interest has been the setting-up, jointly with The Chartered Bank, of an Arab merchant bank in the Middle East, named Oryx Investments. Our partners in Saudi Arabia and the Gulf have a majority interest, while Arbuthnot Latham & Co. has a 21 per cent shareholding.

In the non-banking group, Arbuthnot Insurance Services achieved a profit materially in excess of the previous year, thus continuing its satisfactory trend. Landauer & Co. (Fibres) had an excellent year. The factoring company has made a useful contribution, whilst our computer consultancy company, Arbat, is establishing a name for itself in banking circles both in this country and internationally.

By contrast, however, our Australian interests produced lower profits as a result of the economic recession in that country. Elsewhere, we have made an appropriate provision against an investment, and interest charges on current borrowings in the holding company were higher.

With political and economic uncertainties ahead of us, it is difficult to forecast the future. However, such has been the position on many previous occasions since Arbuthnot Latham was founded in 1833. Directors and staff work closely together, forming a strong and integrated team, and we face the future with confidence. My gratitude is due to all those who, together, comprise the group which is Arbuthnot Latham.

The Annual General Meeting will be held on Friday, 1st August 1975 at 12.30 p.m. Copies of the Report and Accounts are available on request to the Secretary, Arbuthnot Latham Holdings Limited, 37 Queen Street, London EC4R 1BY.



# SAINT-GOBAIN- A REPORT

## Saint-Gobain-Pont-à-Mousson; one of the world's major industrial groups.

Saint-Gobain-Pont-à-Mousson is one of the world's leading manufacturers of glass for the building and automobile industries, of insulating fibreglass, of pipe (especially in ductile cast iron) and of asbestos-cement products. It is also a leader in Europe in glass, paper and cardboard packaging, in fibre for the reinforcement of thermoplastics, and in meters; a leader in France for household plumbing and heating and prefabricated houses, as well as a specialist in pipelaying, water and sewage treatment, air conditioning and investment goods.

It is one of the top forty industrial groups in Europe—and one of the top hundred in the world—as measured by its sales and profits; the Group includes 134 companies of 16 nationalities, controlled and managed by the parent holding company, Compagnie de Saint-Gobain-Pont-à-Mousson.

Saint-Gobain-Pont-à-Mousson is a market-oriented group, trading with 100 countries, through six largely decentralised divisions, with 200 factories, large and small, as well as contracting companies operating on construction sites and distribution companies operating a network of depots.

### The activities of Saint-Gobain-Pont-à-Mousson.

#### Construction Materials:

Saint-Gobain Industries (France)—Triplex (France)—Everdur (France)—Vegla GmbH (Germany)—Grünzweig + Hartmann und Glasfaser AG (Germany)—Glaceries de Saint Roch (Belgium)—Fabbria Pisana S.p.A. (Italy)—Gulfiber (Sweden)—Certain-teed Products Corporation (USA).

flat glass, fibreglass, insulating products, asbestos-cement, wood. 1974 consolidated sales, 6,745 million francs (31.8% of total).

#### Pipework and Engineering:

Pont-à-Mousson SA (France)—Halberghütte GmbH (Germany)—Elster AG (Germany).

pipes, valves and fittings, meters. 1974 consolidated sales, 3,852 million francs (18.1% of total).

#### Packaging:

La Cellulose du Pin (France)—Socar (France)—Saint-Gobain Emballage (France)—Saint-Gobain Desjonquères (France)—Donohue (Canada).

glass, paper, cardboard, cartons. 1974 consolidated sales, 4,396 million francs (20.7% of total).

#### Refractory Products:

1974 consolidated sales, 603 million francs (2.8% of total). Société Européenne de Produits Refractaires (France)—Quartz et Silice (France).

#### Contracting and Services:

Socacé (France)—Balency Briard (France)—Maisons Phénix (France)—Air Industrie (France)—Grünzweig + Hartmann Montage GmbH (Germany).

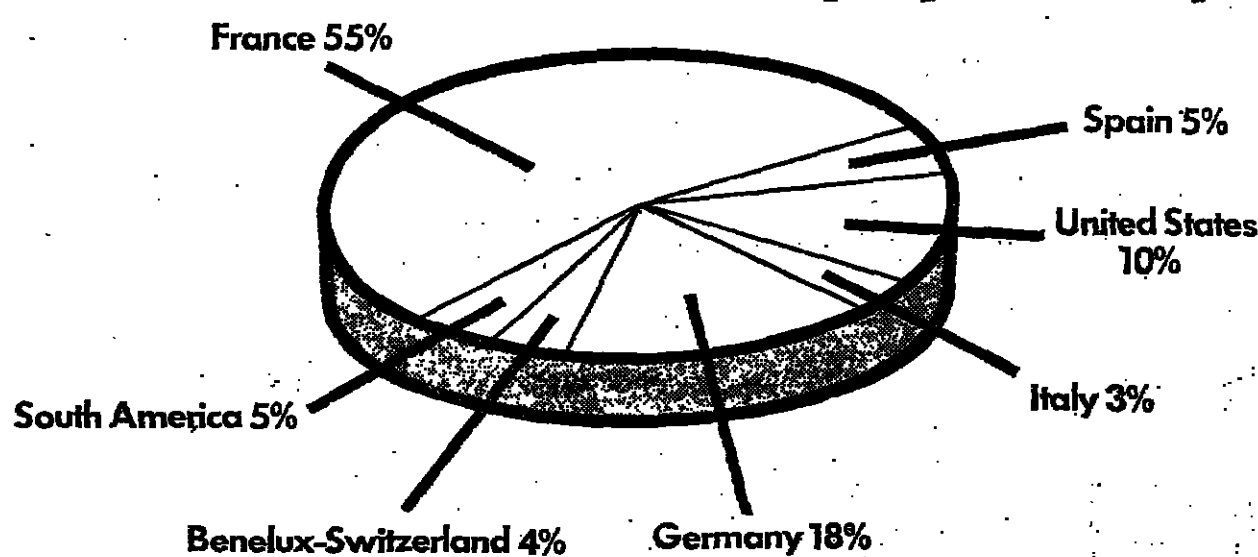
insulation, pipelaying, water and air treatment, electricity. 1974 consolidated sales, 3,245 million francs (15.3% of total).

#### Distribution:

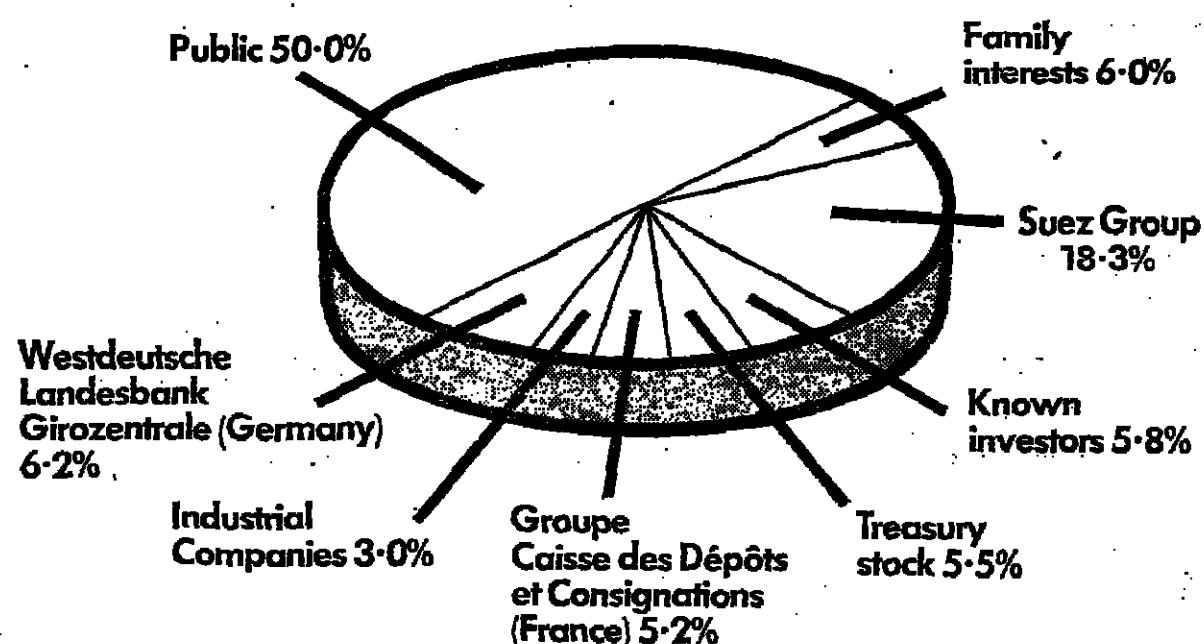
Davum (France)—Héma (Netherlands).

of metallurgical and other construction materials. 1974 consolidated sales, 2,389 million francs (11.3% of total).

### Sales of the overall Group by Country.



### Principal Shareholders

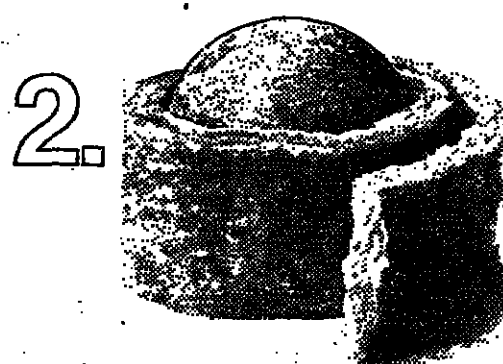


### Two important trends for the Group.

**1 Continued investment outside Europe.**  
Without neglecting the countries in which the Group is already established, we are continuing to devote more attention to the principal developing regions of the world—in particular, to Latin America, the Middle East and South East Asia. It is in the development phase following industrial "take-off" (and before full industrial development on the European pattern has been reached) that demand for the intermediate goods of which our Group is an important producer, is strongest.

Already, this investment strategy has been justified by events; our operations in Brazil (dating back to 1937) now account for some 5% of Group sales, and we were well established in Iran, Venezuela and Mexico long before the oil "revolution."

Today, the developing countries account for 12% of our industrial sales; this percentage should increase to roughly 20% in 1985, as the markets develop.



#### Insulation: a growing need.

Insulation is well on the way to becoming as important as glass for the Group.

The Group has been aware of the importance and potential of insulation materials for several decades, and was taking appropriate steps long before the oil crisis sparked off public awareness and increased demand.

From the very beginning of 1974, demand for insulating products—stimulated by fears of shortage—was accelerating in all European countries with the exception of Germany, where the building industry was already affected by the recession. Total Group sales in this market rose by 23% to 1.8 billion francs (most notably in France, where volume rose by 45%, and sales by 60%).

When the sales of Certain-teed Products in the US, and Gulfiber in Sweden (in which we have important minority holdings) are included, the Group is now a world leader in insulation.



# PONT-A-MOUSSON ON 1974.

1974: four years of growth  
in sales and profits

In millions of francs	1974	1973	1972	1971
Net consolidated sales	20 881	15 741	13 063	10 560
Net sales of associated companies	9 383	7 538	3 860	4 330
Consolidated working capital provided by operations	1 696	1 407	1 233	977
Consolidated investments	2 748	2 271	1 796	1 550
Net consolidated income	704	613	441	365
Capital	2 970	1 967	1 967	1 967

## 1975: We have not escaped the effects of the world recession.

Extracts from the Statement by the Group's Chairman, M. Roger Martin.

The rigorous anti-inflationary policies applied by Governments in Europe and the United States, together with the deflationary effects of the oil crisis, have entailed a serious slowdown in economic activity.

### A fall in demand.

The fall in demand, which was already noticeable in Germany in 1973, has become a universal phenomenon. We have thus entered a period of under-consumption, and we see no convincing signs of the recovery which has been promised. The downturn in the business cycle has been sharp, and the state of our order books is such that, in spite of the measures we have taken to adapt to the present circumstances, we have no hope of any real improvement in the situation during the second six months of 1975. The most likely prospect is that even 1976 will remain difficult. In these conditions, the size and diversification of the Group are our best guarantees for riding out the storm. The difficulties of the present time justify our strategy, for the businesses which we have brought together are certainly better able to resist the prevailing winds together than they would have been alone. Moreover, our markets correspond to real and permanent needs.

For an industrialist, analyzing a situation means first of all considering the degree to which his production capacities are being used. In our fields of operation, as is doubtless the case in many European industries, the recession coincides with the start-up of new, frequently large-scale plants, which are the fruit of the investment programmes which were underway. As a result, the level at which our plants are operating is often considerably below capacity.

### Employment.

This situation obviously raises the problem of employment in our Group.

Throughout the first half-year, we have striven to mitigate the consequences of the recession for the whole of our personnel both in France and abroad. We have thus preferred to reduce working hours, thereby avoiding as many redundancies as possible. We have succeeded in this attempt. Yet it is obvious that the limits of this policy, which is expensive in

spite of Government assistance, are fixed by the very duration of the recession. I must repeat, it is not in our power to raise dikes against the ocean. We must therefore now expect a certain reduction in the numbers of our employees. The extent of the redundancies will depend on the impact of the reflation policies which the respective Governments may put into effect.

We shall continue for our part to do all that is in our power to keep redundancies to the strict minimum.

### Prospects for 1975.

The impact of the present economic situation can also be discerned in the financial data which helps determine the contours of our Group. For the first six months of 1975, our consolidated sales will be scarcely higher than in the first half-year of 1974. For the whole year, our consolidated sales, on the basis of constant structures, should reach approximately 22 billion francs, an increase of only a few percentage points, in terms of current francs.

But it is of course in our income statement that the worsening of the economic climate is the most evident. We have already observed that the recession prevailing in Germany has tended to cancel out nearly the entirety of the net income of most of the Group's companies operating there. We have every reason to fear that the present French situation will entail similar consequences for many of our activities. The same is true for our Belgian companies. In addition, we have new cause for concern for our Italian companies, whose situation we had thought was stabilized last year. Fortunately, our Spanish, Brazilian, and American operations are distinctly more satisfactory. Yet on the whole, we must expect a sharp drop in the Group's net income. Nevertheless, in evaluating the future possibilities for dividend distribution, it is important to take into account both the Group's structure, which entails a one year postponement of the transfer of a number of subsidiaries' income to the parent holding company, and also the retained earnings held over from preceding financial years.

For a copy of the Annual Report and Accounts for 1974, (available in English, French and German), please send the coupon to one of the addresses shown.

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## SAINT-GOBAIN-PONT-A-MOUSSON

To: The Director of External Relations,  
Compagnie de Saint-Gobain-Pont-à-Mousson,  
54 Avenue Hoche, 75365 Paris. Cedex 08.  
Please send me a copy of your 1974 Report and Accounts.

Name \_\_\_\_\_

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British readers may prefer to send the coupon to: Baring Brothers & Co., Limited, 88 Leadenhall Street, London EC3A 3DT.  
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# The Marketing Scene

## Radio rates rise

WITH an eye obviously on forthcoming price controls Broadcast Marketing Services, one of the two companies selling commercial radio time in the U.K., yesterday raised by 30 per cent the cost of advertising on its three leading stations, Capital, Clyde, and Radio City in Liverpool.

The increase also creates a rough price balance between the stations. It now costs 25p-26p a 1,000 for the basic rate on Clyde, 30p on Capital, and 27p-28p on Radio City. But most advertisers buy packages, which reduces the expense to about 15p-18p on Capital, with the other stations a few pence cheaper.

Commercial radio can afford to raise the cost of its air time because demand is stronger here than in any other advertising medium. Revenue in June, for example, at Capital was 45 per cent more than in June last year, and Clyde recorded a 50 per cent improvement.

There was also encouraging news from City where the official RSGB research survey indicated an audience of 1.2m. a week in the extended area and 902,000 in the VHF region. Its audience share 24 per cent in the VHF area, the same as Radio One, but slightly behind the 27 per cent of Radio Two.

London agencies. Initial billings are expected to be £100,000. CRAWFORDS has retained advertising for Spain Oranges, which came up for a statutory two-year review. Spending will be £200,000 over the next two seasons. The agency has also gained Christy's Towels, the household textile side of Courtaulds, which had been with the now defunct Burnham-Loyd. Last month Crawford's gained the hosiery division of Courtaulds, and now handles £500,000 of advertising for the client.

SMEDLEY HP is launching its first national press campaign for HP Epicure Pickled Onions over a three-week period beginning July 15. Brand leader HP Epicure has a quarter of the £7.4m. pickled onion market. FIVE AGENCIES were elected members of the IPA at the last IPA Council meeting, bringing the total up to an all-time high of 265. The new members are Hutton Advertising, McAuliffe Pitt, Savino and Company, Struthers Advertising and Marketing, and Wells Rich Greene.

CARLTON CROFTON Harvey and Partners is to handle the Wells for Men advertising, following a decision to separate the men's range advertising from the women's. Cunningham Hurst will continue to handle the women's products.

QUADRANT Films, a film production company making TV commercials and promotional films, has come up with a novel idea for stimulating new business in a difficult year. It is prepared to be paid for its work over four years, so that an advertiser gets a completed commercial at once but can pay for it in "depreciating" £s.

THE CAKE DIVISION of Northern Foods has appointed TBWA to handle the advertising for its Park Cakes brands, following discussions with other

## THE BIRDS EYE ANNUAL REVIEW 1975

# Women come of age

BY DOINA THOMAS

MORE CONFIDENT, less distrustful of current business methods, advertising and packaging, and more inclined to have a say in domestic financial decisions, that is a word picture of to-morrow's woman as drawn by Birds Eye by NOP and Taylor Nelson Associates.

The women questioned by Taylor Nelson and NOP for the 1975 Birds Eye Annual Review of the frozen food industry were all in the 18-34 age bracket, women for whom branded goods, consumer promotions, commercial television and all such aspects of market-

point consumerists—sometimes forget.

Along with the greater expenditure on convenience foods over the next five years to-morrow's woman is also likely to acquire more labour-saving appliances. The most popular of these machines was the washing machine. Over 90 per cent of the sample owned one and nearly 80 per cent had a refrigerator. Over a third already had a freezer, compared to a national average of around 18 per cent, but dishwashers are still lagging: only 1 per cent possessed one.

The impetus behind the sales

stores and hypermarkets as they spring up. Few seemed interested in personal service or flexible shopping hours but 95 per cent said all supermarkets should have car parks. At present some 72 per cent of the sample shop at large supermarkets and another fifth use the small supermarket or self service store.

Most of the women do their shopping once a week though what Birds Eye refers to as "a small but significant" number now shop only once a month. Another small but significant seven per cent do their main shopping in superstores or



From left to right, Elizabeth Nelson of Taylor Nelson Associates, Ken Webb, chairman of Birds Eye, and Keith Jacobs, the marketing director.

ing are "as much part of their upbringing as free school milk." Fortunately for the future of Birds Eye, at least two-thirds of these women think they will be buying more frozen food in the next five years. Last year the market only increased 5 per cent in terms of volume of frozen food consumed.

The greater confidence of these women is reflected in their attitudes towards the various consumerist bandwagons. As Dr. Elizabeth Nelson, of Taylor Nelson, pointed out, the younger woman is less likely to join consumer organisations, is less interested in receiving nutritional information, or unit pricing, or the ingredients in any one product, less concerned with the degree of packaging or the reality behind consumer promotions.

It seemed that the sort of information that they wanted was already on the packs but mostly on the back. The latest Birds Eye innovation in the labelling field, marketing director Keith Jacobs pointed out, was the conspicuous printing of weight, cooking time, numbers of servings and a space for the price in boxes on the front of new Birds Eye packs coming into the stores. On the question of unit pricing he observed that this was a major difficulty for retailers, who are suffering some staff shortage at present, for it is they who set the end price, a

hypermarkets and considering the scarcity of these that is interesting in itself. Freezer centres, too, have their devotees, many women think that they are occasionally cheaper than supermarkets.

Sales through freezer centres in the last year showed about double the growth of the market (in volume) in total, being 10 per cent. Not unexpectedly vegetable sales kept up well, increasing by 11 per cent but cakes and dessert products showed a 7 per cent increase in spite of economic crises. And the younger woman, while being very price conscious, is apparently willing to pay a premium for convenience foods in order to give herself the time for that self expression she considers so important.

## Enter China Dragon

THE RATE of new product innovation in the frozen food market has always been high and Birds Eye, with its dominant position in the market, has had to work extra hard at it. Marketing director Keith Jacobs claims a success rate for last year's new products of some 80 per cent, the two failures both being fish products which are unlikely to graduate from their regional markets into national distribution.

However the company is tremendously pleased with its introduction of cheesecake into the frozen food cabinets. Three varieties were launched in September 1974 when branded cheesecake accounted for only 53m. at rrp. Birds Eye estimates that the sales of its own product alone should top £2m. this year. Following this, and the fact that frozen cake sales are showing a real growth of around 20 per cent a year, the company is testing two cream filled gateaux and says that preliminary results are encouraging.

Another interesting facet of the British food market is the growth in the number of Chinese take-away food places. It is estimated that there are some 2,000 Chinese restaurants in the country turning over about £12m. with another £15m. being spent on food taken home, 91 per cent. Handbags.

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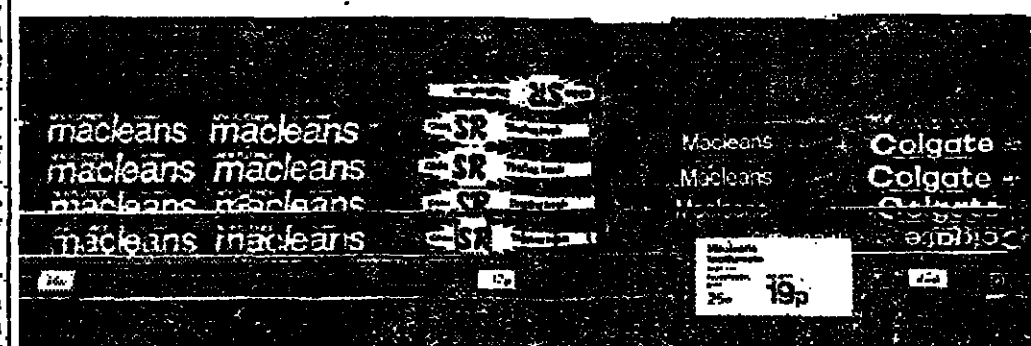
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## ADVERTISING RESEARCH

# Television works fast

BY ANTHONY THORNCROFT, MARKETING EDITOR



ADVERTISING obviously works (it did not the country would be wasting over £900m. a year), but there is a marked reluctance by those involved in the industry to discover actually how it works.

Many studies attempting to relate advertising spending with sales are shot through with fallacies, or else lose themselves in a mass of statistics, and it is generally easier for advertising people to avoid the issue by saying that it is all but impossible to isolate the contribution of advertising from other factors but experience seems to justify the expenditure.

Now the Television Consumer Audit, established by the larger ITV companies to provide hard evidence of the power of TV advertising, has finally come up with a report which at first glance gets to grip with the essentials. It is entitled "The effects of advertising on brand shares" and examines what happened in brands of tooth paste when various promotional activities—from advertising to price cuts—were tried out.

## Committee

Since many companies were involved in this study the first summary of results shows all the signs of being drafted by a committee. The final report, naming the brands and setting out mathematical models which can be applied to other packaged goods markets to evaluate different promotional approaches, has yet to surface, but if it re-inforces the initial findings it could prove an important document for the advertising industry, to be flourished at innumerable seminars and presentations. One of the previous studies by the TCA, which examined the effect of the switch to price promotions in the soft drinks industry on the growth of the market, is still frequently quoted as a horrible example of what happens when brand advertising is run down in

favour of competition by price—the retailers' "own label" brands captured over 40 per cent of that market.

In the absence of chapter and verse it is perhaps easiest just to summarise the conclusions that the study is said to point towards. Five promotional approaches were examined: television advertising, price offers, retailer deals, non-price offers, and retailer price cuts. It is reported that non-price offers produced no systematic influence on brand shares, which is in line with other TCA studies.

But advertising on television for both new and established tooth paste brands led to an immediate positive sales response, a response that was not followed by a negative reaction. More precisely, brand share actually increased in the week of advertising, and for up to four subsequent weeks. By contrast below-the-line activity, such as trade deals and on pack offers, while having an immediate and often greater than advertising improvement in brand share, were followed by a negative sales reaction. Apparently below-the-line promotions persuade customers to bring forward purchases that would have been stretched over weeks.

This pattern seemed to hold for all brands, with the largest brands showing the smallest response to changes in share of below-the-line activity, while the minor tooth pastes reacted more energetically, suggesting that a manufacturer has to spend heavily on promoting a leading brand to get a significant boost in its brand share.

The TCA is rightly proud with what it regards as the most important and original conclusion from the research that advertising has an immediate impact. It has often been maintained that TV advertising builds up brands only in the long term, a frequently quoted as a horrible example of what happens when brand advertising is run down in

activity. "While it is the totality of promotional activity that helps to shape the characteristics of a particular market—its rate of growth, the extent of private label development and the importance of price competition—for an advertised brand, it is its share of total promotional activity that seems to be crucial for continuing development."

## A danger

Unfortunately most of the released report is couched in this kind of language and there is a danger that working marketing executives in both agencies and manufacturers will be deterred by the heaviness of the survey. It has been a time consuming process—AGB which handled all the data was horrified when it totted up the man hours and computer time invested in the report. But the findings are important and if the full study, and the mathematical studies, stand up to critical review the fall out should be considerable.

Even the methodology has pretensions towards importance. When it came to below-the-line expenditure the TCA accepted the fact that manufacturers' recommended prices were no longer a useful guide to actual shop prices so a "normal" or "regular" price was determined, an important breakthrough in below-the-line research. In the same way television expenditure was assessed not by the conventional gross terms but through a brand's share of television rating points.

So on top of the marketing implications from the study there will be plenty of bones for researchers to chew over in the methodology. It is to be hoped that the full report, naming names and making the exercise relevant to other manufacturers, will be available soon. After all the original research is already a few years old and although the basic truths are no less relevant there is a natural aversion to dated data.

## Weight of the law

BY ANTHONY THORNCROFT

THE U.K. has always prided itself on its advertising controls—a mainly voluntary code administered by the industry itself. This confidence took something of a knock last year when both Mrs. Shirley Williams and Mr. John Methven, the director of Fair Trading, told advertisers and agencies that they doubted whether an industry run system could survive an era which placed the interests of the consumer before all. But the industry gained the chance to tighten up the loop holes, and so far it has managed to avoid the heavy hand of statutory control of advertising. In order to maintain its freedom the Advertising Standards Authority has introduced more rigid guidelines over drink advertising and, in the near future, over tobacco—though the Department of Health seems to be insisting on very tight guidelines here. And, in practice, there are many statutory controls that affect advertising tucked away in legislation covering other areas.

But advertisers and agencies rarely think about the law. They are too involved with the day-to-day business of creating, book buying, and assessing advertising. This slap-happy attitude is bound to change, given the increasing role of Government in business life, and a new volume, *Advertising and Labelling Laws in the Common Market*, is a sign of the change. Compiled by Dr. Richard Lawson, a lecturer in law at

Southampton University, it covers every aspect of advertising law in all the EEC countries, plus the legislation from the Commission in Brussels.

A glance at the book, which is loose-leafed so that updates can be added, underlines how British marketing is still relatively unscathed compared with other countries. In West Germany, for example, there is no voluntary control system, and tight statutory rules prevent tobacco and drink advertising angled towards the young, and advertisements that could be taken to denigrate any firm or product, even indirectly. Strong sales promotion laws mean that there can be no "proof of purchase" competitions. As the U.K. gets more involved in the EEC, common laws will be evolved, and they are likely to be based on the tougher statutory controls of countries like West Germany rather than the voluntary British system.

Whatever happens in the future, any company planning to market overseas needs the kind of straightforward information set out in this book, which is priced by Jordans for £20. It is quite likely that a company will find that its labelling, even in the U.K., goes against a law that is not always strenuously enforced. This whole area has been left to chance, but it is hard to believe that manufacturers will be able to take liberties for much longer.

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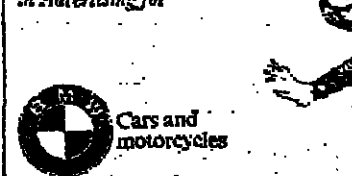
But as well as being a readable 350 page guide to the basic laws and can't's, its price of £20.00 includes a ring binder plus a years supply of supplements. These list changes in legislation as they occur (we estimate 3 supplements over the next 12 months).

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THURSDAY, JULY 10, 1975

## Waiting for the action

IT IS difficult to judge which piece of yesterday's news was the better from the Chancellor's point of view—that the TUC General Council had voted in favour of a flat-rate £8 limit on weekly wage increases during the coming "round" (which it dates from August 1), or that the Bank of England had succeeded in selling in only four days the £500m. of new long-dated stock issued towards the end of last week. Both demonstrate in their own way the readiness with which different institutions will support a Government once it seems really determined to tackle the problem of inflation.

The document on which the TUC General Council voted yesterday is in many ways constructive and realistic—not least in its insistence that formal endorsement of the proposals is not enough to ensure their fulfilment and that trade unions and their members must be actively involved at all levels if the initiative is to succeed in its main objective. This, it cannot be too often repeated, is not to bring down the rate of inflation directly but to reduce inflationary expectations and to prevent unemployment from rising unnecessarily high during the period of readjustment: the unions are urging their members, in effect, to help one another, and cannot reasonably make large political demands as a condition of doing so.

## White Paper

Whatever the political strains likely to arise within the Labour Party, in other words, the Government will now be forced by the uncertain state of confidence in sterling and its reluctance to accept the conditions that would undoubtedly accompany a large-scale international loan to introduce legislation in support of its wages policy—legislation which may conceivably be kept in reserve as an instrument of last resort but will be needed to convince observers abroad and at home that this second phase of social contract is not of what is needed as the first. The White Paper to be issued to-morrow will presumably outline

## Money supply

For the moment, it is arguable, substantial cuts in public expenditure are not desirable even if they could be made effective; but that does not alter the fact that considerable cuts in projected expenditure are needed to make room for some rise in personal consumption spending. Similarly, it is arguable that for the moment a strictly controlled public sector deficit does no great harm. But the method by which it is financed may well have lasting consequences, and the case with which the Government has been selling long-dated stock to non-bank holders over the past few days, though welcome in itself, may not last for long. While interest rates may tend to fall as inflationary expectations recede, the fact remains that U.S. short-term rates are already rising again and that there will be direct and stiffer competition between the Exchequer and private industry for capital as soon as stockbuilding and capital investment begin to revive. If the money supply is not to rise at a rate which works against the attempt to reduce inflation to a tolerable level, its growth must be watched carefully from now onwards.

## The phasing-out of subsidies

THE CONFLICT between the TUC and the Government on the issue of price controls was underlined yesterday when the Post Office announced plans for substantial increases in postal rates and telephone charges to take effect in the autumn. The statement was presumably issued with the Government's approval and is entirely consistent with the objective, announced last year, of phasing out subsidies to the nationalised industries and restoring economic prices.

## Falling demand

The Post Office made its first step towards economic pricing at the beginning of this year: the increases announced then were designed to reduce the forecast loss for 1975-76 to about £50m. But in the ensuing months the financial position has deteriorated rapidly under the impact of rising inflation and declining demand, so that the forecast loss for 1975-76 is now estimated at nearly £300m. The effect of the new proposals should eliminate the loss on telecommunication services and reduce the deficit on the postal side to £70m., the maximum amount by which the Government is prepared to compensate the Post Office in the current financial year. In 1976-77 no compensation will be available. The Post Office cannot hope to recoup all the extra costs through price increases, which are in any case certain to depress demand even further. Further economies will have to be made, especially in manpower: the postal business spends 75p in every £1 on staff. The management is again pressing for permission to make certain changes in the services, including the ending of Sunday collections, the delivery of second-class letters by the third

Mrs. Gandhi's instincts for political gambling may soon be severely tested. Kevin Rafferty reports

## India's rude awakening from its democratic dream

FOR ALL the hullabaloo about the State of Emergency, life in workaday India has not noticeably changed. In Calcutta as in the first slivers of daylight slip through the darkly pregnant monsoon clouds, people are already humping themselves and their newspapers or lumpy blanket beds from the pavements and sluicing themselves down—"taking their baths," they say—under the open hand pumps which run into the gutters. In countless villages, Indians rise with the sun to prepare the fields for the main paddy crop and wonder and worry above all if the monsoon will be sufficient to give them enough to eat this year. Ask them, as I did, about the emergency and you will get a typical reply: "Who knows? Who cares? How will it affect me?"

Some of Mrs. Indira Gandhi's sympathisers say that this is precisely the point of the declaration of a State of Emergency. One said: "Thursday, June 26 may be bad for democracy in the narrow conventional sense, but it will be good for the people of India; now she can fulfil her promises unfettered."

## Police may find out

However, India has changed. What used to be known as democratic India has gone and most commentators do not think it will ever be the same again unless there is a miraculous reversal. It immediately and obviously strikes you in Delhi that overnight, fear has replaced freedom. An Indian friend of longstanding, who has no connection with politics or government, coming to see me, telephoned beforehand to ask if I minded if he brought his wife along—"just so anyone watching will realise that it is a social visit." The servant of another friend who had been free with his political opinions only the week before—mostly in favour of Mrs. Gandhi—shut up like a clam when I asked him his feelings last week. "The police may find out," he said.

Some groups within the country welcome the changes. The big industrial houses have been among the first to pledge their support for Mrs. Gandhi. The big businessmen welcome Mrs. Gandhi's warnings to the trade unions that now is no time for slackness or indiscipline. One of them in Ahmedabad, the big industrial city, told me: "Quite frankly, production is the need of the hour, not demonstrations." They see a mini-boom in prospect, given the slackness in India's economy. They look forward to better profits. And they are also not a little afraid that, if they do



Mrs. Gandhi: if the Supreme Court decides in her favour—and if there is a good monsoon—she might well decide to go for a snap election, freeing the opposition but allowing them no time to prepare a campaign.

and without grants from the centre it would be bankrupt. Drought-hit Tamil Nadu is in the same position. In the final analysis Mrs. Gandhi would have much less compunction in taking over the State in the name of law and order than the State Government would have in resorting to open defiance. The Indian Press, which liked to see itself as the first guardian of democracy, has quickly crumbled. To-day the flickers of Press freedom are the cartoons which the censor fails to understand and items about rumours officially denied which suggest that there may still be a few fires of opposition burning somewhere.

In spite of all this support, so far Mrs. Gandhi has not had to do much to prove her power. As one journalist admitted

is careful Mrs. Gandhi might find herself equally vulnerable.

One of the most important manipulations of the democratic system was Mrs. Gandhi's increasing autocracy. Lately Indian observers had commented that she had almost given up attending Parliament except to answer her questions each Wednesday. Since becoming Prime Minister she had relied on a "kitchen Cabinet" which traditionally consisted of selected senior ministers with civil servants, notably Kashi Nath Brahmins (like Mrs. Gandhi) such as Mr. F. M. Haksar and Mr. D. P. Dhar. In the last few months such advisers, who were often criticised as haughty, arrogant and self-willed but who were part of the democratic system, appear to have been displaced.

The most important advisers to-day appear to be Mr. Siddhartha Shankar Ray, the Chief Minister of West Bengal who has been holding the State together by his tough policies, and Mrs. Gandhi's son, Sanjay, who is in his late twenties. Mr. Sanjay Gandhi is the managing director of the Maruti "people's car." He has a reputation as a young man who makes money quickly, though some people have questioned his methods. I understand that it was Mr. Gandhi who demanded to know why there was no live television coverage of rallies in support of his mother in an outburst which led to the resignation of the former Information Minister, Mr. Gujral, who had pointed out that live coverage was supposedly limited to Republic Day and Independence Day celebrations.

"She absolutely dotes upon Sanjay," said one political journalist. "The whole atmosphere is getting rather like the Moghul Court." It was the present-day "Moghul Court" which was responsible for the decision to declare a State of Emergency and not the Cabinet, which was on told later. The Moghul Court could be of the utmost significance.

What happens next depends on the Supreme Court judgment, on Mrs. Gandhi's instinct for political an on someone's number three gambling. If the Supreme Court decides in her favour—and most observers are agreed that they would be brave judges to hold out after all the hints that she has dropped—if the monsoon is good and if the security forces can keep the lid on the revolt is against the Emergency, Mrs. Gandhi might well decide to go for a snap election, letting the opposition out with no time to prepare a campaign.

What is left of the legal is only opposition regards this as its only hope of saving democracy, since by another and worse device Mrs. Gandhi will be lulled into a sense of false security.

hold a free election and be beaten. That is probably a forlorn hope as Mrs. Gandhi would be favourite to win an election. Although she may not be able to "win" an all-India election she can still play with the system. The Press will soon be permanently muzzled—or its irresponsibilities constitutionally curbed, to use official language. The Congress Party alone has the money and the organisation over all India to fight a really strong campaign, and there are still many honest men who will prefer to vote for Mrs. Gandhi as they fear chaos without her. She would thus be able to preserve all the trappings of democratic legitimacy and hold in reserve the power to create a one-party State if the opposition in the new Parliament were troublesome.

## All there on paper

But many specialists in Indian history doubt if you can hold India down by force. They dispute the claims of apologists who argue that Emergency rule will allow Mrs. Gandhi to break through the trammels of black market money and corruption which have held India back. For a while, perhaps, the economy could improve and take up some of its slack, just as Calcutta felt relief when Mr. Ray's firm rule in West Bengal started. But there can be no solutions to Mrs. India's problems without radical change. For example, there can be no relief for the Indian peasant until the landlords are curbed. The legislation is practically all there on paper, but none has been put into practice. Mrs. Gandhi has had four years of absolute rule under a democracy but has not dared to effect the reforms because they would hit at her Congress Party base in the rural areas. If she tried to ditch the Party she would be in bigger trouble.

One Indian who has studied closely the history of previous emperors, but asked not to be quoted by name—"in case I Gandhi's instinct for political an on someone's number three gambling. If the Supreme Court decides in her favour—and most observers are agreed that they would be brave judges to hold out after all the hints that she has dropped—if the monsoon is good and if the security forces can keep the lid on the revolt is against the Emergency, Mrs. Gandhi might well decide to go for a snap election, letting the opposition out with no time to prepare a campaign.

He continued: "What I fear is that Mrs. Gandhi has only opened the way for her successor by another and worse device. India is going to go on suffering."

## MEN AND MATTERS

## Keeping AIP in the family

The ground has been fairly thick recently with young property developers who made a lot of money in the boom days, only to fetch up in the bankruptcy Court with tales of how high living disappeared in enormous debts. The successful Peter Olsberg, 32, who has had an archetypal rise through the property world, is unruffled. "I have always been a professional developer," he says. "The troubles have come to a large extent among amateurs."

Olsberg is becoming chief executive of the family company Amalgamated Investment and Property, run until his death last year by Gabriel Harrison, Olsberg's uncle. His grandfather, Sid Harrison, was one of AIP's founders; Olsberg was born in Lytham St. Anne's, a tract of which belong to AIP by virtue of its takeover of St. Anne's-on-Sea Land and Building Company. AIP's links with the town were solid enough to move Gabriel Harrison to write a book on the place, *Rage of Sand*.

Olsberg first joined AIP in 1961 after three years learning the agency business. He was a director by the time he left in 1970 to found with three other young property men a company called Corporate Estates, later reversed into the public Sterling Land. That was taken over in mid-1973 by Town and City Properties when the quarter each owned stakes between £2.5m. and £3m.

Olsberg is undaunted at the prospects as observed anew from AIP: "I still see property as the backbone of our economy." He denies reports that his terms for rejoining were high, though he won't say at present what he

will be paid. Harrison's 1973-74 salary was £14,331, but he also held 3.4m. shares. Olsberg has yet to buy one: the price currently is 30 1/2 pence.



## BBC's politician

If anything is to be read into the BBC's choice of Ian Trethowan as the man to take over from Huw Wheldon as managing director of BBC Television it is that the Corporation is playing it safe. Trethowan, a graduate of those bland days of mid-sixties political television, BBC Radio, through the potentially dangerous waters of competition with commercial radio. He has also managed to make the best of a bad time as the Corporation indulged in massive budget cuts.

Trethowan is a classic of the new top people at the BBC. He has a respectable track record as a performer, including an

early spell with ITN; is the right age, early fifties; has made a reasonable switch from front of camera to administration; and, above all, is an acknowledged expert at the political game.

Relationships between the Corporation and parts at least of Westminster are so strained these days that every bit of supporting expertise for Sir Michael Swann and Sir Charles Curran is a help. Trethowan has written and spoken on politics for everything from the Yorkshire Post and the Economist to ITV and the old News Chronicle. Now he will find himself in full confrontation with the real thing, and 1976 is likely to be the year when the Government will get down to considering what future the BBC should have.

## Last exits from the old KU

Probably the closest Keyser Ullmann ever got to joining the top rung of corporate advice merchant banks was when it put together, for Jimmy Goldsmith, the Bovril and Allied Suppliers deals which made Cavenham a serious force in the food industry. A few months later, Goldsmith took the Cavenham business to Hambros. It seemed ungrateful at the time. But now that planned the Cavenham takeovers, has no job left at Keyser Ullmann, Goldsmith takes Franklin on to the Cavenham board.

How much of a favour he is doing in also giving Franklin a major role at the related Anglo-Continental, will probably emerge shortly. There certainly looks a case for much

tidying up at this end of the Goldsmith network.

But the pair might have stayed together all along. Franklin said yesterday. When Keyser Ullmann was preparing its own big property takeover, Central and District, there was a plan, which got as far as having the documents ready to sign, for Goldsmith to join in too. In an arrangement which would have left Keyser Ullmann with 47 per cent of Generale Occidentale, the Goldsmith master company. When Goldsmith drew out of this partnership idea, the banker-client relationship also went.

What happened afterwards, with the bank buying and selling Central and District and then lending the whole of the nearly £100m. realised in property, is familiar ground. Doubtless each one of the quintet who presided over it—Edward du Cann, Jack Dellar, Stanley van Gelder, Ian Stoutzker and Roland Franklin—has his own version of who was to blame.

How bad the damage is will be known in eight days, with the first figures published since Derek White of Barclays moved in to take charge and see where the Lifeboat's money was going. White says Stoutzker and Franklin were not asked to go: "They have put the interests of the bank before their personal interests."

## Unkindest cut.

A Bill now before the Malaysian Senate increases the penalties for drug trafficking to a maximum of either death or life imprisonment, plus six strokes of the cane, reports the Daily Telegraph Magazine.

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Observer



# Paying the bill for past mistakes

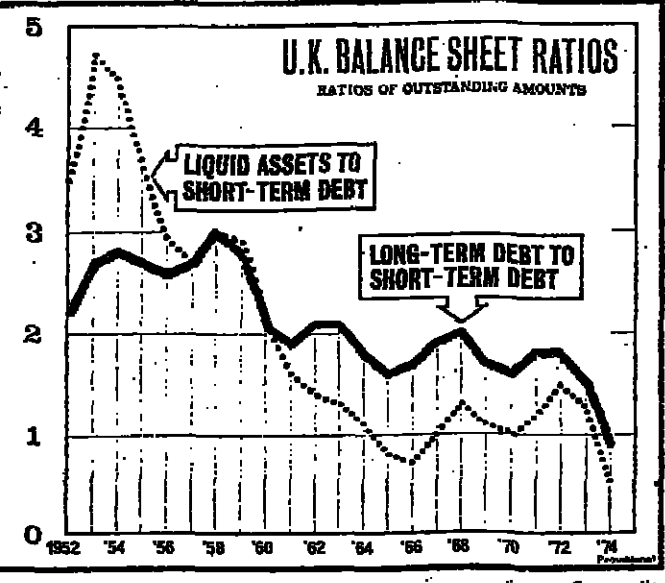
SO NOW where are we? We have been told so often that a reduction in the rate of inflation will "transform the whole situation"—by the CBI, the Chancellor, and others—that the possibility is that some of those in authority now believe it. You decree that wage push is reduced, ensure that prices respond as quickly as practicable, and sit back to await the transformation. With lower inflation rates interest rates will fall, housebuilding and investment will revive, the economic recovery will go a long way to correct the Government's finances; and, with a small boost from North Sea oil, we arrive in the Promised Land.

## Beguiling

It is a beguiling picture but unfortunately one remembers other beguiling pictures. In 1969, for example, the CBI, with singularly ill-timed irony, told the Chancellor that investment and confidence would revive on the day when a CBI report could open with the words: "Now that the balance of payments is in large and continuing surplus..." Well, it did, and within a few months, but nothing happened. Between 1964 and 1966 many of us—and I was certainly one—believed that devaluation would solve all our problems. In a few years of feverish experiment we have reformed the banking system, floated the exchange rate, supported it, depressed it, tried extreme monetary restraint and extreme credit expansion, tried incomes policy with growth to make it acceptable and now with recession to make it stick. After so many trials and disappointments, it is hardly surprising if a growing number of people believe that there is not,

after all, a winning formula, which such a policy can be drawn up, it is still a very useful check. A thermometer will often give a doctor early warning that his patient is ill, or that his treatment is not working; but for better cures, he still needs better diagnosis. What would tell us, in advance, the size of a non-inflationary borrowing requirement? One diagnostic tool which is only now beginning to learn to use is flow of funds accounting. This approach enabled the New Cambridge school to forecast, correctly, that the Heath reflation would produce as its main result a dreadful balance of payments; more to the practical point, it drew Mr. Denis Healey's attention to the cash problems of industry, and led him to make his concession on the taxation of stock appreciation. This is a real policy improvement.

However, we do not understand the surplus side of the monetary accounts as well as we are beginning to understand the deficit side. What makes people want to acquire financial assets rather than real goods? Failure to answer this question can lead governments into recessionary traps. If anyone has developed a reliable technique for forecasting the kind of development which throws existing economic models and policies into confusion—such, for example, as the vast rise in personal saving, now some 4 per cent. of income, which has resulted from faster inflation—he has kept rather quiet about it. There is a suggestion, at least, that savers are reacting to fearful drops in the real value of their portfolios, and trying to rebuild them. This is plausible; but so is the quite



different suggestion that the many companies into a cash crisis, it was fairly widely understood that for a time afterwards, companies would be preoccupied with rebuilding a sound liquidity position, at the expense of real capital formation. The message unfortunately seems to have missed Mr. Edward Heath, whose boundless impatience at industry's sluggish response to his new era led to the monetary excesses of 1972-73. However, the warning was there to be read, and it does seem to have been read in the flow of funds accounts this time round, as we have seen. A flow of funds account, however, records only the changes of a single year; a balance sheet summarises the capital history of a firm (or a country), and some very significant pointers, the stockbrokers. It is a balance sheet that yields of balance-sheets will suggest, briefly, that a study of the balance sheet ratios, recession" is not altogether new. After the great Jenkins squeeze of 1969-70 had thrown

similar work done by Mr. Henry Kaufman, of Salomon Brothers, because their financial assets are devalued and their debt excessive. This in itself and some form of cash injection into the private sector. This trend towards lower profit margins and weaker balance sheets, explains why successive governments have felt impelled to get Japanese help industry to fund its debt by public sector purchases of company stock—pump-priming the capital market. This question of industry funding debt rather than working it off poses the final dilemma: at some point of economic recovery—and the better Government policy is managed, the sooner that will be in good enough heart to start raising new risk capital; and at the point what has been virtuous, circle-closing Government borrowing will suddenly become "crowding out," and an impediment to recovery.

What all this suggests to me, at least, is that the biggest improvement required now in Government policy is in the analysis and management of financial markets. We need both new borrowing techniques—and perhaps indexed bonds or "national equity"—and new forms of public spending which can be very rapidly varied. For example, the buying of company securities or vacant house property can be switched off and even reversed overnight. It is still unhappy truth that our techniques for predicting financial flows of funds, are almost non-existent; but at least we are beginning to know the questions which must be answered if sound financial management is to be achieved without unnecessary misery. Nasty-lasting medicine is mainly old-fashioned.

## Markets

## Suggestive

This analysis bears a lot of questions—namely why there should be a world-wide secular decline in profit margins; but it is also richly suggestive. It actually predicts inflationary recession, which normally appears as contradiction in terms in models which leave capital out of account. Looking at the capital account also explains some other puzzles. As we have seen, there are reasons to believe here that private individuals as well as companies are under increasing pressure to buy financial assets rather than real capital, because their financial assets are devalued and their debt excessive. This in itself and some form of cash injection into the private sector. This trend towards lower profit margins and weaker balance sheets, explains why successive governments have felt impelled to get Japanese help industry to fund its debt by public sector purchases of company stock—pump-priming the capital market. This question of industry funding debt rather than working it off poses the final dilemma: at some point of economic recovery—and the better Government policy is managed, the sooner that will be in good enough heart to start raising new risk capital; and at the point what has been virtuous, circle-closing Government borrowing will suddenly become "crowding out," and an impediment to recovery.

## Letters to the Editor

### The small company

From The Chairman, Silk Engineering (Derby).

Sir—My company employs 12 full-time people, and a varying number of part-timers—some retired (but who want to contribute) and some who find the short working hours of today insufficient for either their energy or their monetary needs. We are struggling to launch, for the first time in many years, an all-new British motor cycle. This will not be an earth-shaking event in volume, since our production plans are strictly limited, but it will be something of a breakthrough in the performance of British industry in fields such as motor cycles, where it once was dominant.

So far, our problems have not been directly affected by governmental actions. If one accepts that unpaid tax-collecting for VAT and PAYE are now facts of life that will never be altered. But the chronic shortage of almost everything we need is presumably due to the general running-down of stocks, and cutting-down of personnel, in order to meet the financial stringencies now being imposed. This is causing more problems than anything else except inflation.

Now, not only are we trying to strike a blow for enterprise and initiative, ourselves but many of our components are brought from other similar small companies. All these people, like our management, work long hours for small returns, because they enjoy it and because of the freedom. To take two different examples of the benefits we and others like us bring to the population at large the Corina GT, a best seller, came from the Lotus Corina which arose from Colin Chapman doing with cars what we are now doing with motor cycles. On a more personal basis how many of us when we want a job done on our house turn to the little man who works for himself? Surely, people working for themselves or in small groups showing initiative and energy must be cost-effective and benefit the community. So why are people down on us?

One last point, we have a happy shop; we all talk to each other; we all know how the company is doing and what its aims are; and we all sing at our work together. The noise is indescribable but the spirit is excellent! I get the impression that this is not always the case in the national corporations. H. S. Cundall, Hears Head Mill, Darley Abbey, Derby.

### Management education

From Mr. G. D. Vaughan.

Sir—Mr. Michael Dixon (June 25) seems to think that all British eggs in higher management education should be put in three baskets. The breakfast would have been enormous if such a decision had been taken in the mid-1960s; they would still be substantial if it were taken now. Even if no other criterion were taken into account than the benefits accruing from diversity and experimentation in a developing subject, a decision to concentrate higher management education into three schools would be lamentable. Mr. Frost's letter of July 8 argues strongly that the regional management centres and poly-

technics have a substantial part to play in providing higher management education on a part-time basis. I would certainly agree with this. Despite the problems involved in part-time study, it has a major part to play in management education. Institutions like the university management schools in New York run massive part-time programmes, many of a very high standard. My own institution has been running a part-time stream in its management M.Sc. over the last year and, in October, will be inaugurating an M.Sc. (Finance) on a full-time and part-time basis, designed particularly for staff working in City institutions. G. D. Vaughan, Senior Tutor, City University Graduate Business Centre, Lionel Denny House, 23, Goswell Road, E.C.1.

### Protect living standards

From Mrs. H. Derrick.

Sir—Trades unions were originally formed by selfless and dedicated men to prevent workers being exploited by employers. Using the strike weapon, the men, at considerable hardship for themselves and their families, were able to obtain improved conditions by hitting the employer where it hurt; in the pocket. Nowadays the really successful strikes are those which hold the community to ransom. Fuel and power workers' strikes and go-slows result in old people suffering from cold, teachers' strikes only harm the children, transport workers' strikes produce misery for commuters and other strikes (for example bakers') can cause worry and inconvenience to housewives and other susceptible groups. The overall result is a continuing erosion of the living standards of pensioners, workers in small firms, those whose work has no immediate effect on their fellows (vital though it may be to the economy) and unorganised workers. In addition, the value of savings is eroded. If it is right to protect the poor and weak in the fields of education and medicine, why not in that of general living standards? Surely the strike weapon is out of date and those who advocate fairness for all should realise it. H. M. Derrick, Rendwick, Stroud.

### Architects can cope

From Sir Thomas Bennett.

Sir—Your contributor Mr. Sydney Paulden, under the heading "Can architects cope alone?" (July 7) shows incredible ignorance of the way architects work. It is often forgotten that the architect has a number of sides to his profession and he either confines himself to relatively small works of one category where he learns all the requirements in a lifetime and deals with them on this basis, or, alternatively, in large practices, he takes over different services. Thus the architect has first to absorb the precise requirements of the building to be designed, he then has to try to forecast in his own mind the developments over the next five years, because his building, if large, is unlikely to be brought into use in less than three. He then has to prepare sketch plans which will fulfil all these requirements and discuss the details with the chairman and Board of the company, or

with the committee allotted to deal with the premises, or with the managers on the floor, or with all of them. He then has to produce an elevation to deal with the best method of effecting the price and obtain from his quantity surveyors a specified list of items which can be applied or left out. When one big firm in the City told me that it required the finest office that could be built, I produced a complete sheet of foolscap on which "barred" a specified list of items which could be applied or left out. When one big firm in the City told me that it required the finest office that could be built, I produced a complete sheet of foolscap on which "barred" a specified list of items which could be applied or left out. When one big firm in the City told me that it required the finest office that could be built, I produced a complete sheet of foolscap on which "barred" a specified list of items which could be applied or left out.

The next stage in the proceedings is to decide which mass-produced articles can be made to fit into the design without damaging its general conception. approach those sub-contractors and obtain relative costs. This has to go on through the process of working drawings and at each stage consultation made with structural engineers, heating, mechanical and, if necessary, acoustic engineers to make their contribution. These are then embodied in a set of working drawings and, if the client will allow the time, the drawings are turned into a bill of quantities and the result issued to contractors for tendering. The architect then has to supervise the contract efficiently and deal with the final bills.

It is virtually impossible for any commercial company such as that referred to by Mr. Paulden to have all this type of outlook and ability and so it produces maybe a practical building. I have never known a commercial adviser who goes to the lengths of a good architect to produce a first-class result both from the point of view of public appearance, from the efficiency of the contractor and for the benefit of his client, present and future. This is an aim of perfection. In practical life there are always difficulties and lapses and so it is easy enough to quote examples in which all of these requirements have not brought off the first-class results anticipated, but the result would be infinitely worse if the kind of commercial adviser that Mr. Paulden refers to were, in fact, in common use. Thomas P. Bennett, The Spangmoor, North Road, Highgate Village, N.6.

### No bonus element

From The Managing Director, Stock Market Analysts.

Sir—Mr. Goslin's argument (July 5) that he has made a 400 per cent. capital gain out of a rights issue should not be allowed to go uncorrected. On July 10 last year his Plantation shares stood at 49p. For every 1,000 old shares held, therefore, Mr. Goslin's total investment was worth £523 (£490 for the old shares and £33 for the 333 rights at 10p each). On the next day the shares went ex-rights and the price was accordingly adjusted to 39p. Total value of the combined holding (1,333 shares) became £520. No bonus element resulted from this and could not. Having taken up his rights, Mr. Goslin owned exactly the same

### Not an increase all round

From Mr. A. Chancellor.

Sir—Is no one prepared to query the logic of expecting those who earn £5,000 or £10,000, or whatever the figure may be, from receiving a 10 per cent. increase? A lot of them probably work far more than 40 hours a week and have considerable responsibilities. Give them more financial worries than they already have and their work must suffer, which will eventually be detrimental to everyone. If it's supposedly good psychology then could someone please explain it to a simple person like myself. A. C. B. Chancellor, Oakfield House, Wargrave, Berkshire.

### Transport in London

From The Chairman, Greater London Council Transport Committee.

Sir—The claim by Mr. G. J. A. Stern (July 5) that Greater London Council is pro-motorist is surprising and a view probably not shared by the RAC. He claims that 10 per cent. of commuters who come into central London by car are having their "already comfortable journey made yet better by unbelievably lavish and costly road building schemes." The present GLC scrapped a £20m. motorways programme for London (and in the process saved 10,000 homes from demolition) directly it came to power two years ago. Since then it has urged public transport and discouraging the car commuter. This year the GLC is pumping £30m. into London Transport and at the same time cutting down on the parking places where car commuters leave their cars all day before joining the home-going rush, to the discomfort and inconvenience of buses and other essential road traffic. His references to Archway Road must not go uncontested. The approved Archway Road widening, which is the responsibility of the Department of the Environment, will be to two lanes in each direction for the greater part of its length, which would make it approximately

### Dangling a carrot

From Mr. P. Inman.

Sir—David Watt (July 4) calls upon politicians not to demean themselves by putting a low value on their profession, but concedes the outrage, however unjustified, which would follow any reasonable attempt to restore MPs' salaries. Members of Parliament could place a more generous valuation on their services, avoid the charge of feathering their own nests and establish an aid to self-discipline for the future by announcing that their salaries would be raised to (say) £10,000 per annum, not indexed to the RPI or anything else, and payable from the date of the next general election. They would then have every incentive to support effective and permanent Government measures to combat inflation and to submit themselves for approval to the people having done so. P. M. Inman, 3, Shave Way, Teddington, Middlesex.

### Where the onus lies

From Mr. Basil Lindsay-Fynn.

Sir—The Chancellor proposes that the entire responsibility of enforcing his limit should be placed on the employers. No penalties for breaches are apparently to be imposed on employees benefiting. On the other hand, the employer will be forbidden to include any excess of annual pay increases above 10 per cent. per annum in his permissible price increases. Should an employer therefore be faced with a demand for a higher rate of increase, say 30 per cent. from a militant union, he has the choice of yielding or of facing a strike. In the first case he will almost certainly incur substantial trading losses and in the second he will face even heavier losses through being closed down by the strike. His choice is therefore between becoming insolvent slowly by trading losses or rapidly by being closed down indefinitely by a strike. Unions are far stronger than individual businesses. Unions support each other. Picket lines are set up which prevent oil, coal and raw materials being delivered or finished goods being shipped to customers. On the other hand, strikers draw PAYE rebates, and their families receive social security funds. Strikers can also take temporary employment and are usually eligible for modest strike pay from their union. The placing of the onus for enforcement on the employer is therefore a recipe for the early bankruptcy of a steadily increasing proportion of the private sector. Surely this cannot be in Mr. Healey's mind? It will rapidly be appreciated by militant unionists who will welcome the opportunity to eliminate a further large section of private enterprise businesses. B. M. Lindsay-Fynn, 64, Avenue Road, N.W.8.

## To-day's Events

- GENERAL: Cabinet meets to draw up White Paper on anti-inflation proposals. Dr. Henry Kissinger, U.S. Secretary of State, has talks on Middle East situation with Mr. Andrei Gromyko, Soviet Foreign Minister, in Geneva. French franc re-joins joint float operated by certain Common Market and other countries. EEC Finance Ministers meet, Brussels. Queen and Duke of Edinburgh attend banquet given by King of Sweden, Claridges, London.
- National Union of Mineworkers annual conference continues, Scarborough.
- SPORT: Cricket: First Test, England v Australia, Edgbaston.
- PARLIAMENTARY BUSINESS: House of Commons: Debates on Expenditure Committee reports on post-graduate education, education maintenance allowances, and on police recruitment and wastage. House of Lords: Local Land Charges Bill, third reading; Industrial Bill, second reading; and Guard Dogs Bill, third reading.
- OFFICIAL STATISTICS: Personal income, expenditure and savings (first quarter).
- COMPANY RESULTS: Andis Industries (full-year). Denbyware (full-year). ERF (Holdings) (full-year). Eastern, King and Sons (full-year). Coral (I.) Holdings (half-year). Imperial Group (half-year). Macpherson (Donald) Group (half-year).
- COMPANY MEETINGS: See page 19.

# Cancer Relief is about living!

Cancer Relief is not concerned with cancer research programmes currently under way. Cancer Relief is about people who would otherwise be experiencing severe hardship right now—today. Cancer Relief comes in two distinct forms: For many, in-patient treatment is inappropriate (and often unavailable). Unfortunately, a certain proportion—often through loss of earnings—are unable to afford essentials. Some need help to pay for extra heating.

Individual need—and wherever need exists help is never refused.

Hospital accommodation for cancer patients is scarce. Which is why Cancer Relief has expanded its activities into a second major action area—the financing of specialised care units strategically situated throughout Britain. But very many more still be built.

(a lower-than normal body temperature is a frequent side-effect). Liquid food is another frequent necessity, so Cancer Relief often helps by supplying liquidisers. Others are grateful for such everyday items as blankets and warm clothing. Many depend on Cancer Relief for grants towards rents, rates or the mortgage. In all cases, relief is given according to

Without Cancer Relief living would be particularly harsh for around 15,000 people every year. Don't forget them. Please.

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Michael Sobell House, 30 Dorset Square, London, NW1 6QL. Tel: 01-402 8125











## INTERNATIONAL COMPANY NEWS + EURO MARKETS

Complicating the issue  
—Hoechst style

BY BILL COCHRANE

HOECHST, as disclosed in yesterday's Lex Column, needs £15m. (less expenses of some £285,000) to reduce indebtedness and to expand in the U.K. However, its chosen vehicle, a £15m. placing of unsecured loan stock carrying warrants into the equity of one of Germany's "Big Three" chemical groups, seems to have generated a distinct divergence of opinion within the U.K. investing fraternity.

The interest rate is 10 per cent.—which with the placing price at par is a good five or six points below the going rate for unsecured paper with a maximum life of 15 years. On the other hand, say the proponents of the stock, there is the point that the Bank of England, the U.K. exchange control regulation purposes, has accepted a fixed valuation for the warrant in D-Marks in the area of £35 per cent. plus, which neatly bridges the gap between nominal coupon and the going interest rate on bonds if the warrants were stripped out.

It is here, and from here on that opinion—or the desire to take an investment decision—seems to have diverged among the U.K. institutions. The basic idea of the stock, each £100 nominal carrying the right to subscribe between January 3 next and mid-1990 for five DM30 shares at DM132 each (about a 6 per cent. premium over the current market price) is not entirely novel. Warburgs, placing bankers with Schroder Wagg and Dresdner, did something very similar when the USM Corporation picked up the rump of British United Shoe Machinery back in 1968.

But at that time, there was no immediate worry over the dollar premium. Now, if a U.K. holder elects to strip out the warrants—which he could do after November 30—he would have to fork out DM185 for every £100 of stock through the investment currency market. That, insiders agree, makes it most unlikely that the U.K. investor would want to strip out his warrants, sell them, and lose 25 per cent. of the dollar premium—especially at a time when all chemical majors are being hit by a very nasty depression.

However, market sources indicate that placing brokers Panmure Gordon, with W. Greenwell, have seen a lot of Continental interest in the market franchises of the placing—£1m. now with another £11m. to come. Continental investors, with no dollar premium to worry about, are expected to be numerous enough to make a lively market in the warrants on the Frankfurt market—and that,

if the basic Hoechst share price goes well, along with the group's own long-term optimism, would reflect back on the price of the basic bond-warrant package held by the U.K. investor. Hopes are that the stock, payable as to £50 per cent. on acceptance and £50 per cent. on September 30, will open at a 2 to 3 points premium.

This is based partly on the fact that both Bayer and BASF have warrants outstanding, and that the Hoechst warrant valuation is based on a theoretical discount of 10 per cent. to its BASF equivalent. There is also the option of tendering the stock at par after 10 years for subscription to the underlying shares, effectively shortening its life, and—again in theory—improving the potential valuation of the bond element.

However, in the end it is hard to ignore the fact that Hoechst has secured a good chunk of 10 to 15 year money, at a low interest rate in a weak currency, for what will be less than a 2 per cent. dilution of its ultimate equity. Whether this will bring other companies flocking into the U.K. capital market must depend ultimately on the performance of the Hoechst share price—and whether Frankfurt agrees with the Bank of England about warrant valuation techniques.

## Rosenthal more confident

BY JOHN WICKS

WORLD TURNOVER of the German porcelain and ceramics group Rosenthal rose 11 per cent. last year to DM347.1m. (312.8m.), with an increased export share of 34.8 (32.5) per cent. and foreign production value almost unchanged at about DM25.4m.

This was largely due to the development of foreign markets by the group company Rosenthal Technik—sales of technical ceramics within the overall total went up 15.8 per cent. over the year to DM141.1m. (121.9m.). In the crockery and ornamental porcelain sector, turnover improved by 8.5 per cent. to DM120.5m. (111.1m.); better sales in Germany itself and in the U.S. having compensated for weaknesses on other markets.

Other sources of income included glassware, with a small 0.8 per cent. rise in sales to DM26.1m. (25.9m.), but cutlery sales were down 4.9 per cent. to DM7.7m. (8.1m.). Household earthenware and fine earthenware sales were higher by 14.9 per cent. at DM17.7m. (15.7m.) and furniture and furnishings up 37.9 per cent. to DM4m. (2.9m.). The remainder of the world turnover total came from trading income and miscellaneous sources.

Production capacities were generally put to good use last year, says the company, with a reduction of short-time working hours of 1.2 per cent. of total working hours. Group surplus for the year was better by 13.8 per cent. at DM44.3m. (DM39.9m.), but profits of the parent concern Rosenthal AG, including carry-over, were very slightly below the 1973 figure of DM3.15m. The company is to pay an unaltered 15 per cent. dividend.

At the start of this year it proved necessary to reduce production of individual plants for blown glass and technical ceramics. The porcelain factories, whose orders rose 10 per cent. in the first quarter, are well occupied, however, and the group "regards 1975 with greater confidence than last year."

Investments, which last year reached DM24.75m. (DM18.7m.), for the group as a whole (with the emphasis on new processing units for Rosenthal Technik, a drinking-glass plant for Rosenthal Glas und Porzellan and a central data processing unit for the parent company) are to be limited to DM13m. this year. Among new projects are a pilot plant for plastic insulators at Selb and the expansion of the Piezo-Ceramics works in Lauf.

## Saviem in the red

PARIS, July 9.

Societe Saviem, trucking subsidiary of Renault, said it had recorded a loss of Frs3.5m. during 1974, against net profits of Frs3.97m. in 1973. Sales amounted to Frs2.553bn., compared to Frs2.163bn. a year earlier.

Production during 1974 amounted to 39,561 units, up 7 per cent. from 36,971 a year before—a result which Saviem considered favourable, but which it said did not take into account the depression in the market which started around the middle of the year. Saviem accounted for orders from the domestic market were off 70 per cent. by last November.

The company noted, however, that exports over the year jumped 40 per cent. to 13,144 units from 9,346 in 1973. APJ

Paramount  
TV film  
deals

By Jay Palmer

NEW YORK, July 9. PARAMOUNT Pictures, Gulf and Western's film making subsidiary, announced this morning that it had agreed in principle to sell the television rights to two of its most successful films—the Godfather Parts One and Two. The deal, valued at over \$15m., gives National Broadcasting the right to make a single showing of the two films in the autumn of next year.

Yesterday Paramount confirmed that it had agreed to sell the TV rights to over 40 of its films to CBS and American Broadcasting for about \$61m. Films in this package, one of the largest in the history of network television, include the Grease, Chinatown, Death Wish, Serpico, Catch 22 and Romeo and Juliet. Network bids for Murder on the Orient Express were refused.

CBS apparently paid slightly more than American Broadcasting, at about \$32m., to broadcast between 17 and 19 films a total of 40 times in future years. American Broadcasting paid less than \$30m. for its right to televise up to 21 films a total of 46 times. Exact schedules for transmission still depend to a large extent on continuing negotiations over a deferred three-year payment by both networks.

Komatsu expects record profits  
as exports offset domestic slump

TOKYO, July 9.

KOMATSU EXPECTS a record non-consolidated net profit of about Yen 106m. for the first half year ended May 31 against Yen 7.56m. in the previous six months, a company spokesman told Reuters.

Gross sales were about Yen 184bn. compared with Yen 163.35bn. mainly due to the expansion of exports of construction machinery, he said.

Profit before tax and extraordinary items increased to about Yen 24bn. from Yen 16.35bn. and the company plans an unchanged interim dividend of Yen 4.8 per share.

Exports totalled nearly Yen 100bn. (Yen 75.07bn.) and accounted for 54 per cent. of total sales. However, domestic sales fell to about Yen 84bn. (Yen 62.28bn.) because of stagnation in domestic building.

The spokesman also said the profit of ¥135bn. for the period, pay the special dividend of ¥0.5. Profits before tax and extraordinary items are likely to increase over 20 per cent. to return to shareholders the previous term, he added.

Despite the anticipated decline in interest rates here, he added, in profits the company plans to

Kaiser and  
Preussag in  
new talks

By Rhys David

KAISER ALUMINIUM confirmed yesterday that it has opened negotiations with Preussag, its partner in the troubled KAPAL, operation in West Germany, with a view to restructuring the group following the German Government's decision to block a proposed deal involving another German producer, Vöhring Aluminiumwerke (VAW).

The KAPAL group, which accounts for about 15 per cent. of German aluminium production, has been unprofitable for the two partners, and after a prolonged legal wrangle in which Preussag tried to persuade Kaiser to acquire its 50 per cent. stake, a complicated deal with VAW was announced last year.

This would have involved VAW, which already accounts for more than half German aluminium production, taking a 25 per cent. interest in the operation, and Preussag holding the remainder. VAW would also have taken a 75 per cent. interest in the fabricating activities of the group with Kaiser as minority partner.

This deal was vetoed first of all by the German Cartel Office on the grounds that it would give VAW a dominating position in parts of the aluminium market and this decision was confirmed on appeal by the two companies by the West German Federal Court.

Herr Hans Friederichs, last week the new negotiations between Kaiser and Preussag, a Hanover-based concern with interests in metals, chemicals and coal, will now aim to find an alternative arrangement of their respective shareholdings in KAPAL.

Kaiser said yesterday that all plants in the group would continue to operate during the negotiations, which would be looking for an agreement which would provide a basis for the continuation of operations on the condition of efficiency. Services would allow the plants to serve the European market economically.

Australia's state-owned banks  
to provide financial services

BY KENNETH RANDALL

CANBERRA, July 9.

THE AUSTRALIAN Government-owned banks, Commonwealth Trading Bank and Commonwealth Savings Bank, have been given approval to establish a joint-venture finance company subsidiary which will be operating before the end of the year.

The Prime Minister, Mr. Whitlam, announcing the project, said the new company would provide the normal range of financial company services, including hire purchase, personal loans, lease financing and commercial lending. He said it would enable the Commonwealth banks to match the services provided by its competitors through affiliated finance companies, and would promote further competition in banking and finance.

"I should add," said Mr. Whitlam, "that the proposed joint-venture finance company will have no advantages in respect of taxation and operational aspects compared with other bank-affiliated finance companies. It will compete on an equal basis."

Swiss of the major trading banks in Australia established hire purchase interests in 1900s but, throughout their 55-year history, the Commonwealth banks have been restrained from similar expansion.

Mr. Whitlam said, however, that the Commonwealth banks played an important role in the

Van Gend en  
Loos to  
invest Fls.100m.

By Michael Van Os

AMSTERDAM, July 9.

VAN GEND EN LOOS, the large Dutch state-owned road transport group, today announced it was embarking on an ambitious expansion programme based on its new philosophy of offering a "completely controlled flow of goods."

It has just received approval for investments totalling around Fls.100m. in the coming three years to achieve these aims.

The company said in Utrecht it would expand its network of service centres in the international industrial and trading centres. It would also continue to acquire interests in companies both inside and outside Holland which specialised in sea, air, land, or other transport services. Finally, the company was reinforcing its management and would attract specialist staff from outside the company if necessary.

## Exchange rates hit Swiss groups

BY JOHN WICKS

ZURICH, July 9.

THE TOTAL 1974 turnover of Union Bank itself with Sw.Frs. 40.7bn. (40.47bn.), Swiss Credit Bank with Sw.Frs. 32.13bn. (32.09bn.), Zurich Cantonal Bank with Sw.Frs. 12.19bn. (11.08bn.) and Swiss Volksbank with Sw.Frs. 9.38bn. (8.99bn.).

In a banks rating, the survey states that total assets of the 50 Swiss banks increased by 4.8 per cent. in 1974 compared with a 3.4 per cent. rise in the previous year, with bank balances as of the end of 1974 no longer including trustee accounts. Total assets of foreign-owned banks in the total fell off by 3.7 per cent. Leading banks in terms of balance sums were the Swiss Bank Corporation with Sw.Frs. 41.04bn. (37.35bn.), agent group.

Charges brought in  
Vallugano case

BY JOHN WICKS

ZURICH, July 9.

THE PUBLIC Prosecutor's Office of the Sottocener region of the Swiss Canton of Ticino has presented charges to the Ticinese Criminal Court in connection with the collapse of the former Bank Vallugano, of Lugano, in 1971. Nine persons are involved in the case, to be heard in Lugano, among them the Bologna businessman Giuseppe Pasquale as former major shareholder of the bank and the former Vallugano director Egidio Mazzola, both charged with the utterance of false documents and with multiple fraud. Other defendants will be charged with contravention of the Swiss banking law, incorrect statements on trading companies and contravention of the Swiss law limiting foreign purchases of Swiss land and real-estate. Other charges include allegations of multiple fraud to the prejudice of bank customers.

The assets and liabilities of the Vallugano Bank were taken over in 1972 by the Banca Commerciale Italiana, primarily to protect the interests of holders of small accounts. The bank is a branch of the Basle-based Genossenschaftliche Zentralbank.

## Other News

## Rhône-Poulenc loan terms set

● The Rhône Poulenc group will float a one-year Frs.450m. 11 per cent. loan priced at par and yielding 11 per cent. at issue on July 15. Bond Market sources assist in financing its capital expenditure programme.

● Arrangements have been completed for the issue of 25m. 8 1/2 per cent. notes due July 15, 1980 at an issue price of par.

● International Business Machines (IBM) said it introduced a new System/360 model 12, a new 15, 1980 at an issue price of par.

also said it is reducing purchase prices about 15 per cent. for the older System/3 models 6 and 10 and is making available a 6 per cent. discount on 36 month leases on the newer System/3 models 6, 12 and 15. Standard leases are for 30 days.

The model 12, IBM said, is available in three memory sizes and features highly miniaturised semiconductor main storage instead of magnetic core storage.

● Shell Financials Maatschappij's 8 1/2 per cent. 15-year Fls.150m. debenture loan will be priced at 99 per cent. Allegiance Bank, Nederland said as one of the syndicate leaders.

● AEG-Telefunken said it will lay off 200 of the 1,030 workforces at its small electrical motor works here because of a worsening of the order picture. The company will try to place as many of the redundant workers as possible with other plants or with subsidiary companies, it added. It has about 34,700 of its 139,000 domestic group workforces on short time in the household goods and consumer products sectors.

Inter-Alpha  
subsidiary

By Michael Van Os

AMSTERDAM, July 9.

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on July 7th 1975Tokyo Pacific Holdings N.V.  
U.S. \$31.47Tokyo Pacific Holdings (Seaboard) N.V.  
U.S. \$22.96

Listed on the Amsterdam Stock Exchange

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## COMPANY NEWS

### 'Rexco' warns of closures

WITHOUT SOME degree of relief to the problem of domestic coke selling prices Mr. E. D. Davies, chairman of the National Carbide Company, warns of the possible permanent closure of the group's two coking plants.

He reports that all sections of the group's activities are to a greater or lesser extent being adversely affected by the general and widespread downturn in economic activity.

Immediate conditions are expected to remain difficult, but the group is "much better placed to withstand this... period" than it was at the start of the year. The chairman reports that the first quarter's trading was disappointing. In the past two or three months there has been a slump in world coke prices which has resulted in a sharp reduction in export; also the group is experiencing particularly difficult trading in its inland coke market. Mr. Davies explains that the cost of coke has risen sharply, coal costs exceed by a wide margin the increase permitted by the Government on domestic coke selling prices to cover these increases.

As reported there was a group pre-tax profit of £1.7m. in the year ended March 31, 1975, compared with a loss of £1.22m. The dividend is 0.65p (nil).

An analysis of the trading profit (£2.13m. (£80,000 loss) - shows (£200,000 omitted): Rexco smokeless fuel, etc. £1,961 (£116 loss), hard coke and by products £421 (£85), transport and plant £562 loss (£15 profit); vehicle distribution £214 (£100); and engineering £83 (£12 loss).

The company is in a strong financial position. Borrowings are down from £4.8m. to £3.2m. while shareholders' funds are up from £5.5m. to £6.5m. Mr. Davies says that the group is now in a strong financial position. August 1 at 2.30 p.m.

### Vantona at full stretch

On February 26, 1973 Mr. Glass was appointed the first Honorary President of the company. He stepped down as chairman on August 6, 1974, followed by his resignation as director on October 11.

Meeting, Manchester on July 30 at noon.

### New life business

An increase in world-wide long-term new premium income during the first half of 1975 from £27.5m. to £31.8m. is reported by Legal and General Assurance Society.

New business and group life business produced £22.1m. (£20.1m.) in the U.K. and £1.4m. (£1.7m.) overseas. Sales of individual life policies in the U.K. rose £3.2m. (£3.1m.) in new premiums and £2.8m. (£2.5m.) overseas.

New premium income includes all new annual premiums, plus 10 per cent. of new single premiums. None of the figures include Victory, the reinsurance subsidiary.

During the first half of 1975 Sun Life Assurance Society has written substantially increased new business. The directors report that for the six months January to June, both new annual premium income and single premiums increased by a third compared with the same period in 1974.

### BIDS AND DEALS

#### Instrument-group talks progress

A DECISION is likely soon on whether a new instrumentation group will be formed through the merger of Retalix Research and private Cambridge company operating in the fields of materials technology and image analysis, and Scientific and Medical Instruments, another Cambridge concern which formed part of the George Kent Group before the Kent link last year with Brown Boveri, of Switzerland.

Mr. David Cole, joint managing director of Retalix, said "talks are progressing well and we hope to make an announcement on the outcome in two to three weeks' time."

The total scheme which Retalix is known to favour is for an instruments group including not only SMI, but also the SMI Scientific Instruments subsidiary of General Electric Company. At the same time, however, such a set-up would probably require some form of long-term finance from the Government.

When SMI split away from Kent, the Department of Industry undertook to guarantee its overdraft, although this was to run out shortly. The Government has a 24.5 per cent. holding in SMI. This is the third attempt that Retalix has made at a merger with SMI, the last attempt failing in 1974 when it rejected Kent's forecasts for its subsidiary, Kent Cambridge Instruments, which subsequently became SMI.

#### MARKS & SPENCER -PEOPLES STORES

Marks and Spencer has embarked on the second stage of its acquisition of 55 per cent. of Peoples Department Stores of Canada, announced last October. Marks already has some 24 per cent. of the Peoples equity, and has now received approval from the Canadian Foreign Investment Review Agency to approach shareholders with a view to acquiring the extra 31 per cent. needed to give it the allowed 55 per cent. controlling stake.

The British company is offering \$10.27 a share, 27 cents higher than the price it paid Slater Walker of Canada and other shareholders for its original stake last year. It is expected that Slater Walker will continue to have 10 per cent. of Peoples, which now operates 20 Marks and Spencer stores in Canada and two other store chains.

#### RIVAL BID FOR EDDY MATCH

Central Ontario Fund says it plans a cash and share offer for the 280,938 shares of Eddy Match that the fund—a private closed-end investment holding concern—does not already own. The bid follows a previously-reported offer by Warrington Products which Eddy's directors have called fair and reasonable.

Eddy said yesterday its directors would treat later this month to consider the latest offer. The company is 56 per cent. owned by Wilkinson Match which has indicated it will accept the

## MINING NEWS

### Coal miners join the 5-day week dispute

BY KENNETH MARSTON

THE CURRENT dispute over demands for a five-day working week by the white workers employed at South Africa's gold mines has been accompanied by a similar situation regarding the white miners in the collieries there. It is announced that deadlock has been reached in the negotiations on the issue between the Council of Mining Unions and the Collieries Committee of the Chamber of Mines.

Our Johannesburg correspondent comments that the threat of a full-scale strike by white miners in South Africa's coal and gold mines thus looms nearer. He reports that Mr. Ken Du Preez, chairman of the Council of Mining Unions, has said that "all trade unions in the mining industry are now in dispute with the Chamber. We are now declaring a dispute and asking the Minister of Labour to call for the appointment of a conciliation board."

Under South African industrial legislation, whites may strike only after certain formal procedures have been carried out. The first step is to declare a dispute; the second is to ask for a conciliation board; and the third is either to accept compulsory arbitration or to call a strike ballot. The Minister has 30 days in which to appoint a conciliation board and the latter then has another 30 days to settle the dispute falling within that period.

Mr. Du Preez said that the deadlock had arisen because of the Chamber's demand that in return for a five-day week—in place of the present six-day week—there should be changes in labour practices. These changes are understood to refer to further job advancement for black miners.

Mr. Du Preez added that "no matter what the Chamber offers, the unions cannot agree to further changes in labour practice."

The Chamber's comment is that neither the mining industry nor the country could stand the losses involved in meeting the demands of the mining unions.

#### AGNICO-EAGLE

Canada's Agnico-Eagle reports that the metallurgical testing troubles it has now been overcome at its new gold mine at Joutel in north-western Quebec which began commercial production in October last year. The treatment plant is handling 900 tons of ore per day and is being extended to a capacity of 1,200 tons which could be stretched to deal with 1,500 tons.

Initial gold recovery was disappointing, averaging only 73.0 per cent. in the first three months of operations. But the rate has improved to about 84 per cent. in the past quarter and by the end of this year it is expected to

#### MINING BRIEFS

MOUAT USA MINES—Period May 26 to July 4, 1975: Produced 26,801 tons, processed 18,570 tons, and sold 17,466 tons of zinc concentrate. Copper ore treated 82,422 tons produced 17,750 ounces blister copper. The figures above are for a six-week period and not the usual four-week period.

#### ELECTROLYTIC ZINC

Four weeks to Year Year  
June 25 1974-75 1974-75

Production Works: 2,858 12,153 16,136  
Zinc Concentrate: 1,171 12,424 17,641  
Ore treated: 8,228 30,826 34,222  
L'ard: 1,171 12,424 17,641  
Zinc: 8,228 30,826 34,222  
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### Gem sales recover

A MUCH better-than-expected figure of R353.1m. is announced for sales of gem and industrial diamonds by De Beers Central Selling Organisation for the first half of this year. Although well down on the R353.5m. level of this time a year ago, it shows a 13.2 per cent. improvement on the R312.6m. sales made in the second half of 1974.

#### Malaysian tin outputs

THE FINAL batch of June tin concentrate outputs from the Malaysian mines brings total eight-month total to 8431 tonnes against 3441 tonnes in the same period of the previous year to last October. The increase in output by Gopeng since last October makes a nine-month total of 1,829 tonnes compared with 1,584 tonnes for the same period of 1974-75.

A six months' total for Idris raised prices of the small rough gems by up to 10 per cent. but this will have had an overall effect on the latest sales figure of only 1.55 per cent. The better performance thus reflects a genuine increase in demand, notably for the small diamonds. Mr. Oppenheimer pointed out in April, demand has lessened in the case of the larger gems although this was "not a cause for anxiety in the long term."

It now remains to be seen whether diamond sales will maintain their recovery in the second half of this year. The answer lies, as ever, in the progress of world economies in general and in that of the U.S. in particular.

At least the outlook seems more hopeful than it was earlier and as a result of CSO marketing policies, the major diamond cutting centres are now in a good position to take advantage of an upturn in demand for polished stones. De Beers closed 4p off at 208p yesterday, the latest sales figure not being known in market hours.

#### S. AFRICAN GOLD

A slight rise of R0.2m. to R320.9m. in South Africa's gold holdings during the week ended July 4 is reported by the Reserve Bank. This indicates that the country's gold sales on the free market during the period did not quite match the level of newly-mined production. Gold closed 51 up at \$166 per ounce yesterday.

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#### AGNICO-EAGLE



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Berger Jenson & Nicholson Limited ("Berger") is the principal subsidiary of Hoechst UK. The Berger Group manufactures and distributes throughout the world paints and other surface coatings for the building, motor and other industries, and for marine purposes. Its products include special lacquers, synthetic resins, wallpaper and elastomers.

Kalle Infotec Limited, which markets office information processing equipment throughout the United Kingdom, is also a subsidiary of Hoechst UK.

In addition, Hoechst UK sells chemicals, plastics, synthetic fibres, pharmaceuticals, dyestuffs and agricultural products, almost all of which are manufactured by companies within the Hoechst Group, and processes synthetic yarns. Research into diagnostic methods and the metabolism of pharmaceuticals is carried out at the research laboratory at Milton Keynes which was commissioned in 1974 at a cost of approximately £2 million.

Hoechst Fibre Industries U.K. Limited, which is a direct subsidiary of Hoechst, produces Trevira filament yarn and monofilaments at Limerick in Northern Ireland.

The proceeds of the issue of the Stock, which after deduction of expenses are estimated to amount to £14,715,000, will be made available to the Hoechst Group in the United Kingdom and will be applied in reducing bank and other indebtedness and in the expansion of the Group's business in the United Kingdom.

### HOECHST AKTIENGESSELLSCHAFT

Hoechst Aktiengesellschaft ("Hoechst") was incorporated in Germany on 7th December, 1951 as one of the three principal successor companies of I. G. Farbenindustrie AG ("I. G. Farben"). With effect from 1st January, 1952, Hoechst acquired I. G. Farben's undertakings at Hoechst, Griesheim and Offenbach in Hessen and at Gersthofen in Bavaria and at the same time the whole of the issued share capital of I. G. Farben's wholly-owned subsidiaries, Knapsack-Griesheim AG, Kalle & Co. AG, Behringwerke AG and Boehringer AG für Textil-Faser.

The enterprise at Hoechst was founded in 1863 under the name Meister, Lucius & Co. In 1880 it was incorporated as a limited company which in 1925, together with five other chemical manufacturers, merged into I. G. Farben.

In 1974 Hoechst and the enterprises in which it has a direct or indirect holding of at least 50 per cent. ("the Group") achieved sales of DM20,201 million (£3,855 million at DM£24=£1) and profits before taxes on income and property (consolidated on the basis of German accounting principles) of DM1,751 million (£334 million at the same rate). The published earnings for 1974, as prepared by Hoechst (in accordance with the method adopted by the German Association for Financial Analysis and Investment Consultancy), amounted to DM24.08 per share of DM50 nominal value.

In 1974 37 per cent. of Group sales were made in Germany and 63 per cent. abroad.

Hoechst has subsidiaries and affiliates in some 120 countries and 28 per cent. of Group sales in 1974 was accounted for by goods produced outside Germany.

At 31st December, 1974 the total number of employees in the Group was 178,710 of whom 71,920 were employed outside Germany.

### OPERATING DIVISIONS

The activities of the Group are organised in divisions, the sales of which for the years ended 31st December, 1973 and 1974 were as follows:-

Division	1973 DM m	%	1974 DM m	%
Inorganic Chemicals	1,089	7	1,466	7
Organic Chemicals	750	5	1,191	6
Agricultural Chemicals	575	4	1,158	5
Dyes and Pigments	980	7	1,089	5
Surfactants and Auxiliaries	527	3	722	4
Fibres	1,850	13	2,170	11
Synthetic Resins and Plastics	1,955	13	2,583	13
Plastics and Waxes	1,270	8	1,803	9
Film and Sheeting	695	5	839	4
Reprography	378	2	471	2
Pharmaceuticals	1,641	13	3,105	15
Plant Construction	255	2	440	2
Welding Technology and Industrial Gases	589	4	690	4
Miscellaneous	1,374	13	2,469	12
	14,750	100	20,201	100

Group sales, which in 1974 include for the first time the sales of the Roussel Uclaf Group amounting to the equivalent of DM1,258 million, have been stated after deducting allowances and are made up of about 30,000 products. The figures do not include value-added tax and inter-company sales. Sales by Group companies outside Germany have been converted in DM at average annual conversion rates.

**Inorganic Chemicals (7 per cent. of 1974 sales)**  
This division manufactures sulphuric acid and sulphuric acid derivatives, chlorine, caustic soda, phosphorus-based products (which are used mainly for detergents), calcium carbide, metallurgical auxiliaries, refrigerants, aerosol propellants, blowing agents for plastic foams, chlorinated methane products, fire extinguishing agents, metal adjuvants, acid-proof construction material, radioactive materials, photographic chemicals, raw materials for batteries, graphite and special carbon products for the iron and steel, chemical and other industries.

**Organic Chemicals (8 per cent. of 1974 sales)**  
The total production of this division is almost twice as great as its contribution to Group sales since about one-half of production is used in other divisions of Hoechst. The division manufactures aliphatic products—monomers, aldehydes, acids, chloroacetic acids, ethylene oxide, glycols, polyglycols, solvents, oxo products, plasticizers, chlorinated paraffins, catalysts, food preservatives and aromatic intermediates—especially for the manufacture of dyestuffs, pigments, pharmaceuticals and pesticides.

**Agricultural Chemicals (5 per cent. of 1974 sales)**  
This division produces fertilizers, crop protection chemicals and additives for animal feedstuffs.

**Dyes and Pigments (5 per cent. of 1974 sales)**  
This division manufactures and sells ranges of products for dyeing and printing cotton, wool and synthetic fibre materials. 78.5 per cent. of its production is sold outside Germany. Organic pigments are sold mainly to the printing inks, paint and plastics industries.

**Surfactants and Auxiliaries (4 per cent. of 1974 sales)**  
The products of this division are used mainly by the detergents, textile and leather industries as well as for the manufacture of building materials, paints and varnishes. This division also manufactures emulsifiers, base products for cosmetics, cellulose ethers, anti-corrosives, auxiliaries for the petroleum industry and flotation agents.

**Fibres (11 per cent. of 1974 sales)**  
This division manufactures polyester, polyacrylic, polyamide, and cellulose fibres. Hoechst is the largest producer of polyester filament yarns and fibres in Europe. Trevira, Hoechst's principal polyester product is used for the manufacture of clothing and for many industrial purposes. In the field of soft furnishings, a Dolan acrylic fibre is an important product, while a Perlon polyamide filament is manufactured mainly for the carpet industry. Nearly one-third of the Group's total fibre production is manufactured outside Germany.

### Synthetic Resins and Plastics (13 per cent. of 1974 sales)

This division produces polymer dispersions and synthetic resins such as epoxy, alkylid, phenolic, unsaturated polyester and short-cycle melamine resins for the production of laminates, colophony resins for printing inks and water-soluble resins for metal coatings. A wide selection of coating materials is produced by the Berger Group and other companies such as Dr. Kurt Herberts & Co. GmbH and Spies, Hecker GmbH in Germany and Stollack AG in Austria. The products of these companies include surface finishing materials, varnishes, household paints and industrial paints.

**Plastics and Waxes (9 per cent. of 1974 sales)**  
Hoechst is the world's largest manufacturer of high density polyethylene which is sold under the trademark K-Hostal. Other products include low density polyethylene, polypropylene, polyvinyl chloride, polystyrene, polyacetal, polyester, thermosetting moulding compounds, and a variety of waxes.

**Film and Sheeting (4 per cent. of 1974 sales)**  
A wide range of non-photographic film, sheeting and cellulose sponge products for industrial as well as household use is manufactured by this division under the trade mark K-Kalle.

**Reprography (3 per cent. of 1974 sales)**  
Under the trade mark K-Kalle this division manufactures a complete range of reprography equipment including disc paper, microfilm and printing plates. In addition, the K-Infotec range of office reprography equipment currently comprises the K-Infotec 1000 office copying machine, the K-Infotec 6000 facsimile machine and the K-Infotec 7000 word processor.

**Pharmaceuticals (15 per cent. of 1974 sales)**  
The ranges of Hoechst, Behring, Albert and Cassella-Riedel Pharma comprise about 300 pharmaceutical specialties which are marketed throughout the world. Important areas of activity include antibiotics, cardiac and circulatory drugs, antidiabetics, analgesics and synthetic hormones. In addition Behringwerke AG, a subsidiary of Hoechst, markets a range of about 650 diagnostic agents and reagents which play an important part in preventive medicine and early diagnosis. In 1968 Hoechst concluded technical and financial agreements with the French pharmaceutical company, Roussel Uclaf S.A., in which Hoechst has had an indirect majority holding since early in 1974.

**Plant Construction (2 per cent. of 1974 sales)**  
Friedrich Ulde GmbH, which became a wholly owned subsidiary of the Group in January, 1975, plans and constructs plants for the chemical and chemical related industries in Germany and abroad.

**Welding Technology and Industrial Gases (4 per cent. of 1974 sales)**  
Messerschmid GmbH, a subsidiary of Hoechst, produces and markets a wide selection of gases and related products, including the K-Infotec 1000 office copying machine, the K-Infotec 6000 facsimile machine and the K-Infotec 7000 word processor.

**Miscellaneous (12 per cent. of 1974 sales)**  
Included within this category are Wecker-Chemie GmbH, Signi Elektrographit GmbH, Süddeutsche Kalkstein-Werke AG, Benckiser-Knapsack GmbH, all companies in which Hoechst has a 50 per cent. interest.

Merck GmbH and Curta & Co. GmbH, which are subsidiaries of Hoechst, produce a comprehensive range of cosmetics. Hans Schwarzkopf GmbH, an important company in the cosmetics field, in which Hoechst has a 48 per cent. interest, is not consolidated.

### GEOGRAPHICAL ANALYSIS OF SALES

	1973 Sales DM m	%	1974 Sales DM m	%
Germany	6,125	42	7,400	37
Other EEC countries	2,670	18	4,380	22
Other Western European countries	1,552	10	2,141	10
Eastern Europe	448	3	732	3
Total Europe	10,822	73	14,653	72
North America	1,082	7	1,307	7
Latin America	850	6	1,337	7
Asia	1,015	7	1,078	5
Australasia	378	3	540	3
	14,750	100	20,201	100

### MANAGEMENT

**Board of Management**  
Dr. rer. nat. Rolf Sammet, Chairman  
Kurt Lanz, Deputy Chairman  
Erich Bouillon  
Dr. phil. Rudolf Frank  
Dr. jur. Emiguo Hartung  
Willi Hoerens  
Dr. rer. nat. Josef Max Nowotny  
Dr. med. Dipl.-Chem. Wolfgang von Pölnitz

The members of the Board of Management, who are whole-time officers of Hoechst and are by law responsible for its administration and management, are appointed by the Supervisory Board.

**Supervisory Board**  
Prof. Dr.-Ing. Dres. h. c. Karl Winnacker, Chairman  
Dr. rer. pol. Hermann Richter,  
Dr. jur. Dipl.-Ing. Felix Preiszel,  
Deputy Chairman  
Georg Badcock  
Oswald Bornet  
Rolf Brand  
Friedrich H. Brandt

Under the Articles of Association of Hoechst the Supervisory Board consists of at least six and not more than fifteen members. The number of members must be divisible by three. By law two-thirds of its members are elected by the shareholders in general meeting and the remaining one-third by the employees of Hoechst and its consolidated German subsidiaries.

**RESEARCH AND DEVELOPMENT**  
A substantial part of the Group's 1974 sales comprise products which have been introduced to the market by the Group within the last ten years. In 1974 nearly DM800 million was spent on research, development and experimental technology. Basic and product research is concentrated in the parent factory at Frankfurt (Main) in one of the largest and most modern research centres in Europe. There are other research laboratories in the United States, India, the United Kingdom, Japan, Egypt and Austria and almost 14,000 persons are employed worldwide in research and development. At present Hoechst owns more than 33,000 patents throughout the world and in 1974 alone applied for over 7,700 new patents.

**THE CURRENT YEAR AND OUTLOOK**  
Following the marked decline during the last months of 1974, there was no increase in demand for chemical products in the first quarter of 1975. Sales in Germany fell from DM1,850 million in the first quarter of 1974 to DM1,770 million in the first quarter of 1975; for the same period turnover abroad increased from DM2,930 million to DM3,010 million. Although group sales totalled the same for the first quarters of 1974 and 1975 at DM4,780 million, this represents a decrease of 5 per cent. when compared with the average quarterly sales figure of the group for 1974 of DM5,050 million.

Profits before tax of Hoechst itself for the first quarter of 1975 amounted to DM180 million, a decrease of 24.4 per cent. compared with the average quarterly figure for 1974. Demand for chemical products is not expected to recover before the Autumn of 1975.

Hoechst remains confident about the long-term development of the chemical industry which it expects will enjoy a higher rate of growth than other industries. Hoechst will be able to participate in such growth through the potential of its research, its broad range of products, and its world-wide sales organisation.

### FINANCIAL INFORMATION ON THE GROUP

Summarised Group Profit and Loss Accounts 1970-1974 (based on the English language version of the published accounts of Hoechst).

	1970 DM m	1971 DM m	1972 DM m	1973 DM m	1974 DM m
Group Sales (external) (Note 2)	10,862	11,948	12,764	14,780	20,201
Gross Profit	6,642	7,321	7,917	9,183	12,280
Other income	341	326	308	406	520
Total Income	6,983	7,647	8,225	9,589	12,800
Personnel expenses (Note 3)	2,858	3,222	3,537	4,028	5,330
Depreciation (Note 4)	390	1,054	1,188	1,284	1,437
Interest expenses	400	513	510	563	713
Taxes on income and property	453	429	577	772	1,110
Other expenses (Notes 1 and 5)	1,964	2,069	2,076	2,420	3,579
Total Expenses	6,565	7,327	7,888	9,068	12,169
Net earnings before deducting minority interests	418	320	337	520	641
Minority interests	(31)	(28)	(19)	(60)	(111)
Net Earnings attributable to Hoechst	387	292	318	460	530
Dividends	(296)	(222)	(226)	(286)	(290)
Retained Earnings	91	70	92	195	240

Group Balance Sheet at 31st December, 1974 (taken from the English language version of the published accounts of Hoechst)

	DMm	DM m
Fixed Assets (note 6)		
Land and buildings		2,968
Machinery and plant		3,103
Factory and office equipment		328
Buildings and plant under construction and advance payments		725
Intangible assets		28
		7,152
Financial Assets		
Investments in affiliated companies and trade investments (note 7)		573
Loans and investments (note 8)		194
Adjustment due to consolidation		281
		1,048
Current Assets		
Inventories (note 9)		4,784
Accounts receivable—trade		3,414
—other		988
Bills receivable		407
Cash at banks and marketable securities		1,021
		10,604
Less Current Liabilities (note 10)		
Bank advances (note 11)		2,096
Accounts payable (trade)		1,651
Other liabilities and provisions		2,667
Current portion of long term debt (note 11)		2,067
Proposed dividend of Hoechst		290
		8,661
Net Current Assets		1,943
Less Long Term Liabilities		
Bank advances (note 11)		2,164
Bonds and debentures (note 11)		1,133
Other loans (note 11)		850
Provision for pensions		841
Special items including reserves under certain tax laws		359
		5,447
Minority Interests		628
		6,075
Net Assets		4,047
Represented by:-		
Share capital		1,809
Reserves		2,438
		4,047
Balance Sheet Notes		
Equalization of Burdens Property Levy		
Present value		57
Quarterly instalments		4
Contingent liabilities resulting from the issue and transfer of bills		244
Guarantees		85







# ACCOUNTANCY APPOINTMENTS

**ENMA**

## Investigations/ Chief Accountant Recently Qualified

London N1 To £5,000

Currently turning over £5 million and growing 75% plus per annum, our client provides services to the North Sea oil exploration industry.

Reporting to the Financial Controller, the Chief Accountant will supervise the reporting of the five branches, and control the small Head Office accounts function. He will investigate problem areas, both at Head Office and at operating locations, recommending and implementing improvements to systems and methods as necessary.

Following a successful six to 12 months in this demanding position, the Chief Accountant could expect to benefit from a prospective reorganisation. Aged 23-28, applicants may have industrial or professional experience. Please telephone or write to Graham Webster, A.C.A., M.B.A., who is advising on this position.

ENMA Management Personnel Ltd.  
Holt House, 20/21 Holborn  
London EC1  
01-405 8362/3

## Financial Director

c. £12,000 Leicester

The Bentley Engineering Group Limited, a subsidiary of Sears Holdings Limited, is a major manufacturer of knitting machinery for a world-wide market.

A Financial Director is required to take overall responsibility for the financial and administrative functions of the company and its subsidiaries.

Applications are invited from Chartered Accountants with proven experience in the engineering industry.

The appointment is an important one and only candidates with first-class experience and standing will be considered.

Applications in confidence, giving full details of education and career to date, should be addressed to Mr. G. Maitland Smith, Sears Holdings Limited, 40 Duke Street, London W1M 6AN.

## Group Financial Controller

Our client is the Sutcliffe Catering Group Limited, one of the foremost names in the industrial catering business. The Group operates increasingly on an international scale, and has a turnover of £23m and some 7,000 employees.

The Group Financial Controller's post is a new one, calling for a self-starter with the potential to take on rapidly increasing responsibilities. His initial tasks will include profit and cash flow forecasting and the monitoring of subsidiaries performance.

Applications are invited from qualified accountants, aged around 28/32, already holding financial posts at significant level in sizeable commercial or industrial organisations.

Salary negotiable around £6,500 depending on experience. Company car, and generous benefits. Ealing location.

Please apply in strict confidence, quoting reference number 1640, to Clive & Stokes, 14 Bolton Street, London W1Y 8JL.

**Clive & Stokes**  
Appointments & Personnel Consultants

**ENMA**

## Tax Accountant

London NW1 To £6,000

Our client is a major engineering concern and ranks 3rd in its industry in Europe.

Responsible to the Manager, Direct Taxation, the Tax Accountant will initially be concerned with UK operations. The duties will include the preparation of tax computations and negotiations with the Revenue. This will involve close contact with senior financial managers throughout the UK group.

He will be involved in group forecasting and it is expected that some 25% of his time will be spent on tax planning and special exercises.

He will receive thorough training, both in house and external, and will have the opportunity to gain experience of international tax.

Candidates, aged 23-30, should preferably be Chartered Accountants, and should telephone or write to David Hogg A.C.A., who is advising on this position.

ENMA Management Personnel Ltd.  
Holt House, 20/21 Holborn  
London EC1  
01-405 8362/3

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY.  
RATE £9 PER SINGLE COLUMN CENTIMETRE

## Financial Director Hi-Fi & Professional Sound Manufacturer London

For an established Sound business, leaders in their field and an everyday name internationally. This small company has recently been acquired by a successful US organisation: it is committed to rapid development and expansion of its export based market.

The Financial Director will contribute to the achievement of an ambitious five-year plan. With a shirt-sleeve approach to begin with, he will direct the full range of accounting and costing services, management information and financial planning, establishing new systems and procedures and handling all financing matters at home and abroad.

A first class record in guiding management in a manufacturing and international marketing company is essential. Preferred age: over 35.

Remuneration: up to £10,000.

Please write in confidence to F. J. F. Hall, Reference: C1658.

MM & WM McLintock Mann & Whitney Murray  
Management Consultants  
95 Southwark St., London, SE1 0JA

## Specialist Accountancy Consultants

Standard Costing &  
Budgetary Control  
Stock & Purchasing Control  
Management Information &  
Cost Controls  
Financial Analysis &  
Planning  
Systems Design & EDP

Qualified accountants with varied experience "at the coal face" in major companies are sought for demanding work at home and overseas, at both Consultant and Senior Consultant level.

They must be able to work single-handed, and to carry conviction of their expertise, creativity and judgement to the client as well as to us. Personal and analytical qualities suggesting possible promotion to Partner status would be especially valued.

Consultancy is arduous and stimulating. It can be a vital stepping stone in a career, or a career in itself: we offer both possibilities. We make it financially rewarding as well.

Write to F. J. F. Hall, Reference: C1757, giving details of the aspects of accountancy in which you claim a range of knowledge and experience qualifying you to give advice to senior management.

Candidates should note that the firm will be moving to a City address in the autumn.

MM & WM McLintock Mann & Whitney Murray  
Management Consultants  
95 Southwark St., London, SE1 0JA

INTERNATIONAL SEARCH & SELECTION CONSULTANTS

## MALAWI

Cost Accountant £4500 + House & Car

A company involved in the soft drinks industry, an associate of two multi-national groups, seeks a qualified A.C.M.A. or a suitably qualified accountant with costing experience. Fringe benefits include car, house, servants, etc.

The climate in Malawi is extremely pleasant and there are ample school facilities. Contact George Callaby, Bleasby Callaby Limited, International Selection Consultants, 40 St. Marlborough Street, London W1. Tel. 01-439 2483 or 794 3466.

INTERNATIONAL SEARCH & SELECTION CONSULTANTS

## SEARS HOLDINGS LIMITED

## Group Chief Accountant

London c. £8000

Our client is a highly successful international company with its base in the U.K. and wholly owned subsidiary companies operating in over twenty countries. Overseas earnings account for about 75% of total turnover.

The Group Chief Accountant is primarily responsible for the preparation of the consolidated financial accounts of the Group, the vital task being to decide on the acceptability of information rather than simply process data. Emphasis will be placed on determining and maintaining consistent Group accounting policies and practices and this will involve the development of inflation accounting techniques, international tax planning and close liaison with the Group's external auditors. Other responsibilities will cover the preparation and control of Corporate budgets and the co-ordination of submissions to the Price Commission.

Candidates will almost certainly be Chartered Accountants in the 27/35 age range. Ideally they will have experience within an international company which has overseas subsidiaries or associated companies or alternatively still be working within the profession and involved with international consolidation as well as auditing. A sound tax background and knowledge of Price Commission procedures would be valuable assets.

Salary will start at around £7000-£8000. Location of the Head Office is central London and the company is generous with relocation assistance where needed.

Replies will be treated in strictest confidence and no information disclosed to our client Company without permission. Please write giving full career details and quoting reference GCA/259 to New Appointments Group, Personnel and Selection Consultants, 5 Park Road, Sittingbourne, Kent ME10 1DR.

New Appointments Group  
Personnel Consultants

**nog**

## Financial Controller Zambia

for Roan Consolidated Mines Limited, one of the world's major copper producers, with sales of £265m. in the last financial year and over 23,000 employees on the Zambian Copperbelt. The accounting function (well served by advanced reporting and computerised facilities) is being restructured, and his responsibilities will include management development and the accounts treasury fund.

Candidates, aged 40 to 45, must be qualified accountants with experience at senior level in industry.

Salary negotiable around £13,000. Car provided and comprehensive overseas benefits.

Please send relevant details - in confidence - to P. Hook ref. B.26290.

**MSL** World wide

Management Selection Limited  
17 Stratton Street London W1X 6DB

LE DIRECTEUR GÉNÉRAL DE  
HARTZ INTERNATIONAL FRANCE  
(CA PRÉVU POUR 1975 : 25 MF), FILIALE DU  
NUMÉRO UN MONDIAL D'ACCESSOIRES POUR  
ANIMAUX cherche pour (TRAPPES - 20 miles sud-ouest de Paris).

## son directeur administratif et financier

C'est son « bras droit » pour l'élaboration et la mise en œuvre de la politique financière et de gestion de l'entreprise :

- établissement des budgets, tableaux de bord, trésorerie, contrôle budgétaire ;
- suivi de l'administration générale : organisation (circuits, procédures), réglementation douanière, assurances, etc. ;
- animation de la fonction personnelle.

Il est assisté par un chef comptable (et 9 collaborateurs) et un chef du personnel.

La création de ce poste nécessite un cadre de 32 ans minimum, HEC, ESCP ou équivalent (possédant si possible un DEC) ayant déjà une expérience de gestion diversifiée, de préférence dans une entreprise anglo-saxonne. Sa nationalité importe peu, pourvu qu'il soit bilingue français-anglais.

Ecrire à Mme M.C. TESSIER ss ref. 2911 FT.

**ALEXANDRE TIC S.A.**  
10, RUE ROYALE - 75008 PARIS  
LYON - LILLE - BENEVE - ZÜRICH - BRUXELLES - LONDRES

## WANTED

### SENIOR ANALYST AVAILABLE

Experienced Analyst/Economist seeks senior position with Stock Exchange Firm or Institution. Skilled at developing high-level company contracts. Writes effectively. Has many existing contacts both in industry and in the City.

Write Box A.5132, Financial Times, 10, Cannon Street, EC4P 4BY.

### DO YOUR SALES AND MARKETING NEED REINFORCEMENT

Marketing/Sales Director, currently Managing Director, with highly successful record of marketing for profit and control of large sales operation, need to make a change. Experience in Hardware, Chemicals and Grocery, Home and Export. Age 53. Do your sales, market share and profit margins need increasing? If so, why not discuss. Please write Box A.5130, Financial Times, 10, Cannon Street, EC4P 4BY.

## KUWAIT OIL COMPANY

### Budget & Cost Accountant £8700+

The British Petroleum Company Limited is recruiting a senior accountant for the Kuwait Oil Company in the Arabian Gulf.

Reporting to the company's Chief Accountant he will direct and supervise staff engaged in budget control, cost analysis, cost data processing and asset records. He will also be responsible for the evaluation of the economic aspects of the company's projects and proposals and for advising on Kuwait tax implications involved.

Candidates should be qualified accountants with some five years' experience in general or cost accounting, including EDP and administration.

Starting salary will depend on qualifications but will be at least KD\$275 (equivalent to £3700 at current exchange rates).

This is a staff appointment on an initial 2/3 year engagement. Benefits include: \* excellent salaries which are at present free of local tax \* provision of an annual service gratuity in lieu of pension rights \* 12 month leave earning 5 days leave per month of duty with free passage to and from UK \* furnished, air-conditioned family accommodation or an allowance in lieu \* primary school facilities \* children's UK education allowance \* free medical attention \* good sports and social facilities in this long established family location.

Please send a complete personal history, or request for an application form, quoting ref. B.54, to: The Manager, Central Recruitment, The British Petroleum Company Limited, Bahrain House, Moor Lane, London EC2Y 9BU.

## GENERAL APPOINTMENTS

## Export Credit Negotiator

A Payment Conditions and Credit Insurance Negotiator is needed in the Export Credit Department, at STC headquarters in London.

The successful candidate will be responsible, after negotiation with E.C.G.D., for agreeing conditions of payment with customers and setting up long-term credit finance where appropriate. There will also be opportunities for travel, accompanying marketing and negotiating teams on visits to foreign clients.

Applicants should be between 25 and 35; preferably with a degree or professional qualification and a working knowledge of Spanish; a number of years' experience in credit insurance and export finance work or merchant banking are essential. Starting salary is competitive and progresses with experience.

For further details, please contact Miss Anne Lack, Standard Telephones and Cables Limited, 190 Strand, London WC2E 7JL. Tel: 01-836 8055 Ext. 316.

**Standard Telephones and Cables Limited**  
A British Company of I.T.E.

## CHEMICAL ANALYST

Our client is a large firm of stockbrokers with an international research department which has established a sound reputation in research of the U.K. chemical industry.

They are seeking an investment analyst who will be responsible for extending the in-depth coverage of the industry in the U.K. and Europe. The successful applicant is likely to be aged between 30-40 and should be able to offer at least two of the following:

- a good degree or accountancy qualification,
  - experience as an investment analyst in this sector,
  - or industrial experience in a central and not over-specialised capacity within the industry.
- He will be seeking a position where:
- initiative is encouraged,
  - enthusiasm and accuracy are essential
  - research work, client contact and travel are involved
  - salary will reflect the responsibility of the position.

Applications, which should give brief details of your career to date, will be forwarded to our client. Please indicate to a covering letter any firm to whom you do not wish your application to be sent. Please write, quoting ref. 776, to:

W. L. Tait, Taithe Ross & Co.,  
Management Consultants,  
Executive Selection Division,  
27 Chancery Lane,  
London WC2A 1NF. Tel: 01-242 9481.



## GENERAL APPOINTMENTS

Fund Management-  
Commodity Shares

c. £8,000

A leading City merchant bank is currently involved in a new development in the field of Commodity Investment. They now wish to appoint an expert in Commodity Shares to take control of the considerable funds to be placed in this area and to act generally as the Bank's adviser in this field of investment.

This position calls for a graduate probably aged between 28-32 with several years experience in the Investment Market and ideally for the last two years to have held a senior position in Commodity Fund Management. However, candidates who have not held such a position but can demonstrate relevant Stock or general Commodity Broking experience and can show evidence of good judgement could be considered. This position is based at the Bank's office in the City and will involve travel in the U.K. and overseas.

Exceptional scope for the right man is offered and should lead to considerable career advancement as the successful candidate will in due course enjoy a high degree of autonomy. He will, however, need to be capable of justifying his decisions and recommendations at a very senior level. Apart from the negotiable salary there are above average fringe benefits.

Further details about this position can be obtained by writing in complete confidence to Colin Barry at the address below giving full details of career to date and stating any company to which you do not wish your application forwarded. Applications should reach this office not later than Tuesday 22nd July, 1975.

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Contact Norman Philpot on 01-405 3499.

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Contact Michael Pringle on 01-405 3499.

## Investment Analyst

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This is an excellent career opportunity for an experienced analyst to join the progressive research team of one of the country's leading provincial brokers.

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Contact Geoffrey Mountford on 01-405 3499.



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The starting salary will be negotiable up to £12,000, together with normal fringe benefits.

Please write with full details. These will be sent direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1030.

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You will be responsible for the servicing and development of the existing pension schemes portfolio, and for the production of new business. You will manage a small existing team of consultants, and recruit, train and develop additional personnel in line with projected growth. The post requires an experienced pensions practitioner whose background will incorporate a good knowledge of the documentation, administrative, technical, legal and marketing aspects. Familiarity with current legislation is, of course, essential.

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10, Cannon Street, EC4P 4BY.

## TRAINEE/JUNIOR ANALYSTS

A medium sized firm of London stockbrokers requires two junior investment analysts to complement the work of its established team. One will provide a general research service for use within the private client and bank departments. The other will initially provide help in covering the retail sector, but will be expected to rapidly make some part of this his/her sole responsibility.

Experience in the City is, of course, preferable, but lively-minded graduates could be equally as suitable. Salaries are competitive, there will be a bonus arrangement, and there is an excellent opportunity to make a significant contribution to the development of the research department which will obviously be rewarded.

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Financial Times, 10, Cannon Street, EC4P 4BY.

## PUBLIC NOTICES

## BLACKPOOL BOROUGH COUNCIL BILLS

£500,000 Bills issued today due 9th October 1975 at 9 3/4%.

£1,200,000 Bills issued today due 9th October 1975 at 9 3/4%.

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£1,200,000 Bills issued today due 9th October 1975 at 9 3/4%.

## ESSEX COUNTY COUNCIL

£10m. Bills issued 8th July due 7th October 1975 at 9 3/4%.

£10m. Bills issued 8th July due 7th October 1975 at 9 3/4%.

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£10m. Bills issued 8th July due 7th October 1975 at 9 3/4%.

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J. Martin Secretary

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of well known firm of stockbrokers requires an Assistant, male or female, in their Bank Department, who has experience in handling investment enquiries. Applicants aged around 26 to 30 should write to Box A.5121, Financial Times, 10, Cannon Street, EC4P 4BY, giving details of previous experience and present salary.

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# AUTHORISED UNIT TRUSTS

[illegible]

## INSURANCE, PROPERTY, BONDS

## REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

[illegible]

## Report discloses decline in footwear industry

**FINANCIAL TIMES REPORTER**

A DECLINE in profits, margins, and in sales in real terms among 10 leading companies in the footwear industry is revealed in the latest report produced by ICC Business Ratios of London. The report, the third on footwear

The average return on capital employed reveals a reduction in the second of the three years and an upswing in the latest year, but the size of the average return—1.6 per cent—is still less than described by the report as hardly as exciting. Liquidity also decreased.

The report shows that the volume of sales increased by one-third over a three-year period with a faster rate of growth in the second half, but more than half of the companies are nevertheless showing rates of growth which in real terms were negative in the two later years and while stock turnover decreased, the average credit period increased to customers lengthened over a two-year period by 20 per cent.

Sales per employee in the period under review ranged from 22,000 to 100,000 roubles, pay 22,200 from 1960 to 11,700.

Profits of the companies in the report also showed an increase of 80 per cent. over the three-

## LEADERS AND LAGGARDS

The following table shows the percentage changes<sup>a</sup> which have taken place since December 31, 1974, in the principal equity sections of the F.T. Actuaries Share Index. It also contains the F.T. Gold Mines Index.

[illegible]

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			0613 22200	01-249 9111

[illegible]

## OFFSHORE AND OVERSEAS FUNDS

<b>Albany Management Co. Ltd.</b> P.O. Box 1540, Hamilton, Bermuda. <b>NAV June 30, 1974</b> \$ 6.50 - 0.04	<b>Charterhouse Japhet</b> 1, Paternoster Row, E.C.4 <b>NAV June 30, 1974</b> \$ 1.25 - 0.02	<b>Free World Fund Ltd.</b> Butterfield Bldg., Hamilton, Bermuda. <b>NAV June 30, 1974</b> US\$199.22 -	<b>Keyescler Mngt. Jersey Ltd.</b> P.O. Box 51, Heller, Jersey, C.I. 05410070 <b>NAV June 30, 1974</b> £ 2.10 - 0.02	<b>Samuel Montagu Ldn. Agtia.</b> 174, Old Broad St., E.C.2 <b>NAV June 30, 1974</b> £ 0.98 - 0.04	<b>Target Trust Mgrs. (Cayman) Ltd.</b> P.O. Box 717, Grand Cayman, Cayman Is. <b>NAV June 30, 1974</b> US\$1.00 - 0.02
<b>Australian Selection Fund N.V.</b> P.O. Box 100, Amsterdam, Holland. <b>NAV June 30, 1974</b> \$ 1.53 - 0.05	<b>Corahill Ins. (Guernsey) Ltd.</b> P.O. Box 157, St. Peter Port, Guernsey <b>NAV June 30, 1974</b> £ 15.5 - 0.01	<b>G.T. Bermuda Fund Ltd.</b> St. Bernard's Place, St. Helena, Brada. <b>NAV June 30, 1974</b> US\$1.00 - 0.02	<b>King &amp; Shaxson Mgrs. Jersey Ltd.</b> 1, Church St., St. Helier, Jy. C.I. 05410511 <b>NAV June 30, 1974</b> £ 12.40 - 0.02	<b>Murray, Johnstone (Inv. Adviser)</b> P.O. Box 100, Glasgow, C.I. 05410521 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Tokyo Pacific Holdings N.V.</b> P.O. Box 100, Tokyo, Japan. <b>NAV per share July 7, 1974</b> US\$1.47
<b>Banque Bruxelles Lambert</b> 2, Rue de la Requette 81000, Brussels. <b>NAV June 30, 1974</b> \$ 1.25 - 0.02	<b>Darling Management Ltd.</b> 15, Bent St., Sydney, N.S.W., Australia <b>NAV June 30, 1974</b> £ 1.50 - 0.01	<b>Hill Samuel &amp; Co. (Guernsey) Ltd.</b> 9, Levee St., St. Peter Port, Guernsey, C.I. <b>NAV June 30, 1974</b> £ 1.50 - 0.01	<b>Kleinwort Benson Ldn. Agtia.</b> 20, Fenchurch St., E.C.3 <b>NAV June 30, 1974</b> £ 1.24 - 0.02	<b>Negit Ltd.</b> P.O. Box 100, St. Helier, Jersey, C.I. 05410521 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Triumph Oceanic Int. Fnd. Mgrs.</b> 1, Church St., St. Helier, Jersey. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02
<b>BK of London &amp; S. American Ltd.</b> 1, Queen Victoria St., London, E.C.4 <b>NAV June 30, 1974</b> \$ 1.00 - 0.02	<b>Delta Group</b> P.O. Box 1467, Nassau, Bahamas <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Samuel Overseas Fund S.A.</b> 37 Rue Notre-Dame, Luxembourg. <b>NAV June 30, 1974</b> US\$1.00 - 0.02	<b>Langstaff Investment Mngt. Ltd.</b> S.A. George's St., Douglas, Isle. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Negit Ltd.</b> P.O. Box 100, St. Helier, Jersey, C.I. 05410521 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Tyndall Group</b> 6272 3241 Hamilton, Bermuda, & Heller, Jersey. <b>NAV June 30, 1974</b> £ 1.00 - 0.02
<b>Barclays Unicorn Int. (Ch. Is.) Ltd.</b> 1, Church St., St. Helier, Jersey. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Dreyfus International Inv. Fd.</b> P.O. Box 10712, Nassau, Bahamas <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Japan &amp; Far Eastern Sec. Man.</b> Comptech Centre, P.O. Box 580, Hong Kong <b>NAV June 30, 1974</b> US\$1.00 - 0.02	<b>Lloyds Bk. (C.I.) U/T Mgrs.</b> P.O. Box 100, St. Helier, Jersey, C.I. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Save &amp; Prosper International Ltd.</b> 37, Broad St., St. Helier, Jersey. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>United States Tel. Intl. Adv. Co.</b> 14, Rue Abingdon, Luxembourg. <b>NAV June 30, 1974</b> £ 1.00 - 0.02
<b>Barclays Unicorn Int. (I. O. Man.) Ltd.</b> 30, Victoria St., Douglas, I.O.M. <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Ernst &amp; Young (Jersey)</b> 1, Broad St., St. Helier, Jersey, C.I. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Jardine Fleming &amp; Co. Ltd.</b> 40, Fleet Street, London, E.C.4 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Manx Investment Mngt. Ltd.</b> S.A. George's St., Douglas, Isle. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>S&amp;P G. Warburg &amp; Co. Ltd.</b> 30, Graham Street, E.C.2 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>World Wide Growth Management</b> 10, Boulevard Royal, Luxembourg. <b>NAV June 30, 1974</b> £ 1.00 - 0.02
<b>Bridge Management Ltd.</b> P.O. Box 100, Grand Cayman, Cayman Is. <b>NAV June 30, 1974</b> US\$1.00 - 0.02	<b>Euromyndic Group</b> Euromyndic Ltd., P.O. Box 100, St. Helier, Jersey, C.I. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>London &amp; Far Eastern Sec. Man.</b> Comptech Centre, P.O. Box 580, Hong Kong <b>NAV June 30, 1974</b> US\$1.00 - 0.02	<b>Manx Investment Mngt. Ltd.</b> S.A. George's St., Douglas, Isle. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Save &amp; Prosper International Ltd.</b> 37, Broad St., St. Helier, Jersey. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>World Wide Growth Management</b> 10, Boulevard Royal, Luxembourg. <b>NAV June 30, 1974</b> £ 1.00 - 0.02
<b>Butterfield Management Co. Ltd.</b> P.O. Box 100, Hamilton, Bermuda. <b>NAV June 30, 1974</b> US\$1.00 - 0.02	<b>F. &amp; C. Mgmt. Ltd. Inv. Advisers</b> P.O. Box 100, St. Helier, Jersey, C.I. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>London &amp; Far Eastern Sec. Man.</b> Comptech Centre, P.O. Box 580, Hong Kong <b>NAV June 30, 1974</b> US\$1.00 - 0.02	<b>Manx Investment Mngt. Ltd.</b> S.A. George's St., Douglas, Isle. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>Save &amp; Prosper International Ltd.</b> 37, Broad St., St. Helier, Jersey. 05410551 <b>NAV June 30, 1974</b> £ 1.00 - 0.02	<b>World Wide Growth Management</b> 10, Boulevard Royal, Luxembourg. <b>NAV June 30, 1974</b> £ 1.00 - 0.02

## NOTES

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**"Recent Issues" and "Rights" Page 19**

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# FINANCIAL TIMES

Thursday July 10 1975

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## New 'parallel' assemblies for Portugal

By JANE BERGEROL

LISBON, July 9

THE political confusion in Portugal was compounded today by a lengthy Armed Forces Movement assembly, approved by a general assembly, which this morning, laying down "guidelines" for a people's parallel democracy excluding the political parties and reinforcing the so-called "Armed Forces-people alliance."

The document outlines institutionalisation of the alliance, via a pyramid of neighbourhood and works councils, rising to local, district and regional people's assemblies with a People's National Assembly at the top "as a final and distant phase."

Incorporated into the assemblies, which are to be elected by a show of hands, are representatives of the Armed Forces Movement, trade unions, local government and local authorities. The political parties as such are not to be included.

However, what powers these assemblies are to be given, either as initiators of policy or executors and what their relationship is to be with local government and national government, remains a mystery.

The preamble to the document reaffirms AFM approval of the Supreme Revolutionary Council's June "political plan of action" which, in turn, reaffirmed a pluralistic road to Socialism and a role for the parties.

While the Communist Party has, in its habitual fashion, rushed to be the first to wholeheartedly approve the scheme as "highly favourable to the revolutionary process," other parties, from the extreme revolutionary Left to the Right of the political spectrum, are privately describing the document as more muddled MFA thinking, yet another compromise, and condemning it as an offer to solution to the current political impasse.

One thing has emerged clearly from its lengthy paragraphs: the AFM intends to remain in power, through institutionalisation of

the AFM-people alliance, for even longer than the three to five years spelled out in the constitutional pact with the parties.

Of more immediate significance is the vote of confidence in Prime Minister General Vasco Gonçalves, who, it is now confirmed by reliable sources, did offer his resignation earlier this week.

Communist party pressure on armed forces leaders appears largely responsible for his being confirmed in his post and the week-end campaign by the Communists to start rumours of counter-revolution and set up vigilantes in factories and offices, apparently to have succeeded in its aim of frightening the AFM into a display of unity behind the General.

**All-out effort**

At the same time, the Communist Party will now clearly make an all-out effort to secure the new parallel people's organisations for itself. With a greater number of militants that can be expected to turn out to swell the assemblies, presumably meeting outside working hours, than either the mainstream parties or the extreme Left, it may well succeed.

But if Socialists and Popular Democrats decide to call on their voters to grab power in the assemblies, with a huge 62 per cent majority, in the elections they should be able to hold their own, even allowing for a less militant set of supporters.

Businessmen bid for hearing.

Page 6

## Two more quit Keyser Board

By Margaret Reid

TWO MORE directors yesterday resigned from Keyser Ullmann Holdings, the merchant bank where Mr. Edward du Cann, former chairman of the Conservative Party, was recently succeeded as chairman by Mr. Derek Wilda, a vice-chairman of Barclays Bank.

The two who have now left the group, which has received large, though now reduced, support loans from the big banks' "lifeline" consortium in the secondary banking crisis, are Mr. Roland Franklin and his brother-in-law, Mr. Ian Stoutaker, both managing directors.

Mr. Franklin, who belongs to the fourth generation of the family which founded part of the group in 1868, is to join the Board of Mr. Jimmy Goldsmith's Cavenham and Angle Continental companies, becoming deputy chairman and joint managing director of the latter. KU was at one time merchant banking adviser to Cavenham.

Last July, two other directors resigned from KU. They were Mr. Jack Dellar and Mr. Stanley Van Gelder, both of whom had joined the Board on the take-over of Dalton Barton Securities, a secondary bank with advances largely against property.

KU expanded sharply in the early 1970s, by the acquisition, first of Central and District Properties—sold in 1973 for nearly £100m. and then a £28m. profit—and then of Dalton Barton.

In 1973-74, the group made use of provisions of £17m. (representing gross provisions of £35m. before tax) against its loans and investments, at the same time bringing the surplus on the sale of Central and District into the accounts.

Referring yesterday to the problems which had resulted in the climate of the past 18 months, from the group's heavy concentration on property lending, Mr. Wilda said of the new resignations: "Roland Franklin and Ian Stoutaker were associated with that policy. They're thought it right that they should go, they've put the interests of the bank above their personal interests."

He said the resignations had been accepted with regret. Fresh Board appointments are expected at Keyser Ullmann before long.

Men and Matters, Page 16

## SKF bid for Sheffield Twist nears victory

By DAVID BELL

SKF, the Swedish engineering company, was last night in sight of victory in the battle for control of Sheffield Twist Drill and Steel after Thoro Electrical Industries dropped its bid and accepted an offer of 89p a share for its existing holding in the Sheffield company.

With Thoro's 15 per cent, SKF now has about 32 per cent of Sheffield Twist, and its revised offer will go out to shareholders shortly. If it is accepted, the new Sheffield Twist-SKF group will be the largest maker of high-speed cutting tools in Europe and in a strong position to challenge the American market leaders.

**Unions wooed**

A major factor in the take-over battle, which has gone on for more than two months, has been the attitude of the trade unions, with both companies promising that no redundancies would follow a takeover. Shop stewards representing all Sheffield Twist plants came out yesterday in support of SKF.

The Board of Sheffield Twist, and this clearly influenced SKF's decision to increase its offer. Equally Thoro was wary of going ahead with its bid in the face of union objections.

Mr. Lennart Johansson, SKF managing director, was in London yesterday to attend a SKF (U.K.) Board meeting and took an active part in the company's new offer.

The Swedish company estimates that Sheffield Twist will cost about £12.3m. which it considers a good price given Sheffield Twist's strong position in the market and proven manufacturing record. Thoro said last night that it had fixed a top price for Sheffield Twist from the start and that the SKF offer was above what it was prepared to pay.

The bidding was opened in June with a 71p a share offer from SKF backed by the Board. But after the Government decided not to refer the bid to the Monopolies Commission, Thoro intervened with an offer of 91p, which it later raised to 92p after SKF had matched it.

Mr. Norman Waple, chairman of Sheffield Twist, whose Board last week revoked its support of



Mr. Johansson in London for Board meeting.

SKF in favour of Thoro's higher offer, said he was relieved that the issue now seemed to have been resolved. He supported SKF's revised offer "with great confidence and enthusiasm for the future."

If the new offer is accepted the new group will link together SKF Malmo—the SKF cutting-tool subsidiary in Sweden—Skefco Tools, another SKF subsidiary, and Sheffield Twist. It will have a turnover of about £30m. with Sheffield Twist alone producing about 40m. items a year from a catalogue of 12,000 products. SKF intends to streamline Sheffield Twist's production processes to achieve longer and more economic production runs. The group's major competitor in the U.K. will be Clarksons, the high-speed tool subsidiary of Thoro.

## Government to take rest of Harland

THE Northern Ireland Department of Commerce is to acquire compulsorily the remaining 50 per cent shareholding in Harland and Wolff, the Belfast shipbuilders, on the basis of 9p for each £1 Ordinary stock and 9p for each £1 cumulative preference stock.

Total compensation will be about £500,000. Under a draft Order in Council laid before Parliament yesterday compensation will be paid on application in writing made by a shareholder within a period of three years from vesting date, which is expected to be during this session of Parliament.

## Continuing interest in gilts exhausts latest long 'tap'

By MICHAEL BLANDEN

CONTINUED strong interest in the gilt-edged market yesterday morning exhausted supplies of the recently-issued long-dated "tap" stock.

The issue, made only last week, has set a new record for a long tap for the speed with which it has been sold to the general public. A total of £500m. of the stock, a new loan dated 1985, was brought to market. It is thought that a considerable amount was actually taken up by the public at the issue and the rest has been absorbed in less than five working days.

The strong buying of the longer-dated stocks "comes against the background of the TUC response to the Government's announcement that it does not appear to have been affected by the signs of a renewed rise in interest rates in other countries, particularly in the U.S., with last week's decision by First National City Bank to lift its prime rate to 7 per cent from 6½ per cent.

Yesterday most of the activity was seen in the medium and long ends of the gilt-edged market and though prices ended perhaps a few tenths below their best, there were still rises of up to ½ and, in some cases, more. The Financial Times Government Securities Index closed with a gain of 0.44 at 59.99, to bring its rise in the past two days to 0.71.

The strength of the long-term market is likely to be welcome to the authorities, which have so far this year been very successful in selling gilt-edged to finance the Government deficit. This year, a total of £400m. of issues has been announced, though some of this goes to replace maturing stocks, including the widely held Savings 3 per cent 1965-75 which matures next month.

In the first quarter, the authorities sold an unprecedented £1,220m. net of stock, mostly at the short end of the market. The gilt-edged market is expected to be replaced quite quickly, possibly on Friday. One suggestion was that the replacement could be another tranche of Treasury 12½ per cent 1983, giving a slightly lower coupon with a shorter term.

Continued from Page 1

## Cabinet meets on powers

should be given—somewhere between the TUC's demand for a figure of £7,000 a year and the Government's preference for £10,000.

The Prime Minister believes strongly that the Government's existing sanctions over private industry have been underestimated. These are said to include:

● The Government's power to refuse to give contracts to companies which exceed the wages norm, and to withhold financial aid under the Industry Act.

● The Government's new foothold in the motor industry—traditionally one of the weaker employers in resisting wage claims. It was emphasised yesterday that the Government enable it to influence the size of settlements in the corporation; while Chrysler was eager

## THE LEX COLUMN

# Bank of England's summer sale

The gilt-edged market, at least, is not waiting for the White Paper. Market stories that a good percentage of the £500m. new long tap had already been subscribed for when the lists closed last Thursday were confirmed when the stock ran out quite early yesterday morning. Insurance companies and pension funds, starved of longs when the Government concentrated on shorts during its earlier funding spree in the first quarter of the year, have been prominent buyers. Gains ranged to nearly a point yesterday, though the next in the long line of taps is unlikely to be delayed beyond Friday.

The dangers, however, are clearly spelt out in a special Monetary Bulletin from W. Greenwell, suggesting the U.K. could suffer the fate of Argentina unless the incomes policy is backed up by public spending cuts: the growth of M1 must be brought down sharply if it is to be even roughly consistent with the Government's 10 per cent strategy.

The resignation of Keyser Ullmann's two managing directors formally ends an era at the bank. It now appears that the bulk of the group's advances, totalling £250m. a year ago, were based on property in one form or another. A substantial proportion went to the residential sector, and the bulk of the lending was done in the autumn of 1973, at the peak of the market, when KU was trying to find a home for the proceeds of its Central and District coup.

So the 1974-75 figures, which are due in the next week or two, are bound to take in further substantial provisions against disclosed shareholders' funds, which totalled £100m. at the end of last year. However, the group says that its gearing ratio will still look conservative by the standards of the merchant banking sector, and with total debt at the end of 1974 about 70 per cent of share new equity capital. Of Land's new borrowings on hand side of its balance sheet.

But property lending has now sales have been slow and small, scale so far—deals worth more than £3m. falling through last month to two years. Meanwhile, lifeboat support has been cut from £65m. to £33m.

However the shares have

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**Property rights**

There is no obvious reason why a property company should ever have a rights issue. Apart from those cases, such as Town and City, where money is needed merely to fulfil existing commitments, the justification used by manufacturing companies of higher returns from increased scale or technical change do not apply to property. Size in itself does not confer benefits and there is always the option of selling part of the existing portfolio—if higher returns are to be found elsewhere.

Law Land's £37.6m. issue—the fifth so far from the property sector—only partly answers these points. It certainly does not need the money now, with development spending of less than £1m. in the U.K. this year, and gearing is not outlandish. The group's funds of £37m. But Law Land has not found it easy to manoeuvre in the right-secure new borrowings on hand side of its balance sheet.

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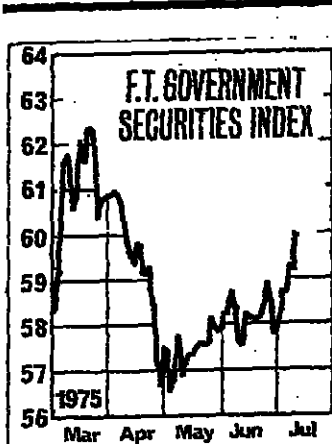
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Index rose 1.2 to 327.6

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